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10 UNITED STATES DISTRICT COURT

11 NORTHERN DISTRICT OF CALIFORNIA

13 4361423 CANADA INC. d/b/a
14 ANYWHERECOMMERCE,

15 Plaintiff,

16 v.

17 SQUARE, INC.,

18 Defendant.

Case No.

**COMPLAINT FOR PATENT
INFRINGEMENT**

JURY TRIAL DEMANDED

1 Plaintiff 4361423 Canada Inc. d/b/a AnywhereCommerce (“AnywhereCommerce”), for its
2 Complaint for Patent Infringement and Demand for Jury Trial against Defendant Square, Inc.
3 (“Square” or “Defendant”), states and alleges as follows:

4 **INTRODUCTION**

5 1. This is a patent infringement case filed to address the willful infringement by
6 Square, Inc. of several patents covering groundbreaking technology allowing the use of mobile
7 phones to accept credit card payments. Square has knowingly infringed these patents for years—
8 despite previously acknowledging the priority of these patents in various filings before the United
9 States Patent Office—and continues to willfully infringe these patents today.

10 2. The origins of the patents predate Square itself. On February 10, 2009, a group
11 of inventors, including a Hong Kong national named Ben Lo (Chi Wha Lo on the patent), filed the
12 first of several patent applications on their invention providing for the use of a mobile phone to
13 accept credit card payments. One embodiment of the disclosed invention allowed for mobile
14 phones to accept credit card payments via a card reader connected to the audio jack of a mobile
15 phone, allowing the credit card information to be read and provided to the mobile phone, and then
16 transmitted from the mobile phone to a transaction network so that the commercial transaction can
17 be validated and completed.

18 3. The patent applications filed by Mr. Lo and his colleagues were granted, and two
19 patents were initially issued by the United States Patent & Trademark Office. On October 9, 2012,
20 the U.S. Patent Office issued U.S. Patent No. 8,281,998 (“the ‘998 patent”) and on October 16,
21 2012, the U.S. Patent Office issued U.S. Patent No. 8,286,875 (“the ‘875 patent”). Ultimately,
22 Mr. Lo and the other inventors were granted a total of nine U.S. patents, with the possibility of
23 more patents to issue, as additional patent applications are currently pending. The patents are
24 owned by the plaintiff in this case, 4361423 Canada Inc., a Quebec corporation actively engaged
25 in the business of providing payment technology solutions under the business name
26 AnywhereCommerce.

27 4. During the same time that AnywhereCommerce sought to protect its technology
28 through the patent process, Square would take a much different approach. Square simply took that

1 same technology for itself, becoming one of the largest and most famous companies in the world
2 by falsely holding itself out as the originator of technology allowing the use of mobile phones to
3 accept credit card payments.

4 5. That is reflected in Square's initial public offering (the "Square IPO") and
5 subsequent stock rise. From the date of the Square IPO (November 15, 2015), Square was off to
6 the races, so to speak, and its share price reflects same: opening at \$9.00 and growing as high as
7 \$99.00 (September 2018), with the price currently at approximately \$72.00, giving Square a
8 current market capitalization of \$31.48 billion.

9 6. In the hope that Square, given all of its market share and business success, might
10 find it appropriate to compensate AnywhereCommerce for the use of AnywhereCommerce's
11 technology on which Square's business was largely built, AnywhereCommerce approached
12 Square in January 2019 with its patent infringement claims and attempted to engage Square in a
13 negotiation regarding the AnywhereCommerce patents.

14 7. The parties held discussions from January to April 2019. During this time,
15 Square represented to AnywhereCommerce that it was conducting due diligence and assured
16 AnywhereCommerce that Square intended to negotiate a financial resolution to the patent dispute
17 in good faith. AnywhereCommerce soon learned that this was not the case.

18 8. In April 2019, Square revealed what it had actually been doing during this period
19 of time: that it had pretended to negotiate. Rather than a settlement proposal, Square presented
20 AnywhereCommerce's counsel with several draft legal actions it threatened to initiate against
21 AnywhereCommerce—actions obviously designed with the intention of making
22 AnywhereCommerce think better of daring to enforce its patent rights against a company the size
23 of Square. These threatened legal actions included not only proceedings against Anywhere
24 Commerce, but proceedings against inventor Ben Lo's company, BBPOS, a completely separate
25 company from AnywhereCommerce.

26 9. In addition, representatives from Square explained in a rehearsed speech that it
27 was "Jack's position" that he (Jack Dorsey) believed himself to be one of protectors of the "Silicon

1 Valley Ecosystem” and that Square would not overpay to a “*patent troll*”¹ because it could upset
 2 the delicate balance in the Ecosystem. This is obviously a preposterous statement but sheds a
 3 glimpse into Square’s actual core mission regarding intellectual property and its treatment of
 4 intellectual property rights owned by those outside of the Ecosystem.

5 10. Square’s threat tactics are exemplary of the same type of “win at all costs”
 6 business mentality with which Square has otherwise approached AnywhereCommerce’s patent
 7 rights. Square has made itself into one of the wealthiest companies in the world, in part, by
 8 willfully infringing AnywhereCommerce’s patents and by wrongfully appropriating technology
 9 that it did not invent first.

10 11. Provided with a reasonable opportunity to negotiate in good faith with
 11 AnywhereCommerce, Square opted instead to use its significant market power and money to
 12 attempt to bully a small Canadian company and a hard-working Hong Kong inventor (and his
 13 company), rather than recognize their innovations and fairly account for Square’s appropriation of
 14 their technology.

15 12. In light of Square’s self-appointed status as guardian of the “Silicon Valley
 16 Ecosystem” for intellectual property matters, it is ironic that Square has chosen to use its significant
 17 market power, money and reputation to attempt to bully/destroy a small Canadian company and a
 18 valid/hard working Hong Kong inventor (and his company), rather than to welcome them into Mr.
 19 Dorsey’s Ecosystem and support in their innovation.

20 13. Nevertheless and in light of the above, AnywhereCommerce has elected to
 21 enforce its patent rights according to the law, as set forth at length below.

NATURE OF THIS ACTION

22 14. This is an action for patent infringement of United States Patent Nos. 8,286,875;
 23 8,281,998; 9,016,566; 9,269,084; 9,311,637; 9,443,239; 9,613,351; and 9,818,107 – each entitled
 24 “Apparatus and Method for Commercial Transactions Using a Communication Device” –

25
 26
 27 ¹ Square is well aware the AnywhereCommerce is anything but a “*patent troll*” and is
 28 actually a going concern business that has been selling the patented devices for many years.

1 (collectively, the “Asserted Patents”) under the Patent Laws of the United States, 35 U.S.C. § 1, *et
2 seq.*, and seeking damages, injunctive relief, and other relief as appropriate under 35 U.S.C. § 281,
3 *et seq.* True and correct copies of the Asserted Patents are attached hereto as Exhibits A-H.

4 **THE PARTIES**

5 15. Plaintiff 4361423 Canada Inc. is a Quebec corporation with a principal place of
6 business at 418-376 Victoria Ave, Montreal, QC, H3Z 1C3, Canada. 4361423 Canada Inc. is
7 engaged in the business of providing payment technology solutions under the name
8 AnywhereCommerce, and the Plaintiff will be referred to throughout this Complaint as
9 AnywhereCommerce. AnywhereCommerce has its principal U.S. office at 1100 W. Shaw
10 Avenue, Suite 122, Fresno, CA 93711.

11 16. Defendant Square, Inc. is a corporation organized and existing under the laws of
12 the State of Delaware with a principal place of business at 1455 Market Street, Suite 600, San
13 Francisco, CA 94103.

14 **JURISDICTION AND VENUE**

15 17. This is an action for patent infringement arising under the Patent Laws of the
16 United States, Title 35 of the United States Code.

17 18. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C.
18 §§ 1331 and 1338(a) because this action concerns the infringement of United States patents.

19 19. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391 and
20 1400(b) because Defendant Square resides in this judicial district, has a regular and established
21 place of business in this judicial district, and has committed acts of patent infringement in this
22 judicial district.

23 20. This Court has personal jurisdiction over Square for at least the reasons that
24 Square resides in the district, transacts business in the district, has purposefully availed itself of
25 the privileges of doing business in the district, and has committed acts of patent infringement in
26 the district as alleged in this Complaint for patent infringement.

27 21. Square has sold and offered for sale products that infringe each of the Asserted
28 Patents in this judicial district, including at least the products set forth in this Complaint, including

1 transaction card readers for use with a mobile communication device, and related services,
2 systems, methods and devices. Square has sold and offered for sale, without limitation, the
3 infringing Square transaction card readers and related services, systems, methods and devices in
4 this judicial district and elsewhere. Upon information and belief, Square has also imported the
5 infringing Square transaction card readers into the United States and directed such importation
6 from this district. Additionally, Square has provided Point of Sale software and transaction servers
7 in the United States for facilitating infringement, instructed its users to connect its products to a
8 mobile communication device such as a cell phone or tablet, and directed use of the Square Point
9 of Sale app on a mobile communication device – all in furtherance of Square’s infringement of the
10 Asserted Patents and, upon information and belief, all within or directed from this district.

THE PATENTED TECHNOLOGIES

12 22. AnywhereCommerce was founded in 2006 by pioneers of mobile payment
13 technologies. Committed to innovation, AnywhereCommerce has developed a complete range of
14 payment card readers, mobile apps, gateway connectivity, developer tools, and customized
15 services. With its deep industry knowledge, AnywhereCommerce has built a platform of products
16 and services that enables clients and partners to quickly extend payment acceptance for large and
17 small businesses everywhere. AnywhereCommerce has offices throughout North and South
18 America, and has sold over 11 million card readers in 15 countries.

19 23. With its groundbreaking developments, AnywhereCommerce developed one of
20 the strongest patent portfolios in the industry. As pioneers in the industry, its inventors were the
21 first to invent and patent a comprehensive mobile point-of-sale payment solution utilizing
22 handheld devices and mobile communications.

23 24. The Asserted Patents – each entitled “Apparatus and Method for Commercial
24 Transactions Using a Communication Device” – were duly issued by the United States Patent and
25 Trademark Office to date as follows:

- 26 • U.S. Patent No. 8,286,875 issued on October 16, 2012;
- 27 • U.S. Patent No. 8,281,998 issued on October 9, 2012;
- 28 • U.S. Patent No. 9,016,566 issued on April 28, 2015;

- 1 • U.S. Patent No. 9,269,084 issued on February 23, 2016;
- 2 • U.S. Patent No. 9,311,637 issued on April 12, 2016;
- 3 • U.S. Patent No. 9,443,239 issued on September 13, 2016;
- 4 • U.S. Patent No. 9,613,351 issued on April 4, 2017; and
- 5 • U.S. Patent No. 9,818,107 issued on November 14, 2017.

6 Additional patents are expected to issue claiming priority to AnywhereCommerce's original patent
7 applications.

8 25. AnywhereCommerce is and has been at all relevant times the owner by
9 assignment of the Asserted Patents.

10 26. In general, the inventions of the Asserted Patents are applicable to a payment
11 transaction device such as a credit/debit card reader for use with a mobile communication device,
12 such as a cell phone or tablet, for the purpose of effecting commercial transactions. The robust
13 and growing list of mobile point-of-sale patents is relevant to most mobile point-of-sale solutions
14 in the market. The AnywhereCommerce patents cover a full range of existing and future-
15 anticipated devices and apply across a broad range of applications, technologies and features
16 including, but not limited to: audio jack, Bluetooth, EMV, smart cards, optical scanners, barcode
17 readers, etc., and user interfaces such as touch screen, fingerprint, proximity detectors, cameras,
18 etc.

19 **SQUARE'S KNOWLEDGE OF THE ASSERTED PATENTS**

20 27. In January, 2019, AnywhereCommerce gave specific notice to Square of
21 Square's infringement of each of the Asserted Patents. Upon information and belief, however,
22 Square has long understood the applicability of the Asserted Patents to the Square products –
23 particularly the Accused Products.

24 28. Square became aware of the '998 Patent shortly after it issued. The '998 Patent
25 is the first issued patent in the AnywhereCommerce family of Asserted Patents. Each of the
26 Asserted Patents is a continuation of the parent patent application.

27 29. As early as December, 2013, Square analyzed and discussed the '998 patent
28 (which it referred to under the inventor name "Tang") in a petition to invalidate U.S. Patent No.

1 8,584,946 to Robert E. Morley, Jr. (“Morley”). There, Square readily acknowledged that Tang,
2 along with the other ‘998 Patent inventors, broke new ground with their invention of a card reader
3 that connects to a mobile phone through the phone’s headphone jack to communicate information
4 read from the card to the mobile phone through the audio jack:

5 Tang (Exh. 1006) is based on the Tang Provisional (Exh. 1007), which provides
6 support for each of the features for which Tang is applied to teach in the grounds
7 presented in [the following sections].

8 Like the alleged invention of the ‘946 patent, Tang describes a magnetic card reader
9 that operates in conjunction with a mobile phone to allow merchants to accept and
process payments via the mobile phone. Moreover, Tang’s card reader connects to
the mobile phone via a headphone jack of the mobile device

10 Tang receives analog signals from a magnetic card reader and conditions these
11 signals as audio input for a microphone input of a mobile phone.... Thus, Tang
12 describes the “read head” recited in claims 1, 7, 10, and 12, as well as providing an
13 analog signal obtained from the magnetic stripe of a card swiped along the read
14 head to a microphone input of a mobile phone.... Tang further describes using the
mobile phone and the conditioned analog signals to request and receive
authorization for card-based transactions....

15 Ex. I (IPR2014-00312, Petition for *Inter Partes* Review) at 5, 40-41; Ex. J (IPR2014-00312,
16 Corrected Petition for *Inter Partes* Review) at 5, 40-41 (citing Exh. 1006 (‘998 Tang patent) at
17 7:19-39; Exh. 1007 (Tang Provisional application) at Section 300; Exh. 1007 (Tang Provisional)
18 at Figs. 3, 6, 7).

19 30. The ‘998 Patent and related applications also have been cited as prior art to
20 Square’s own later patent applications, including but not limited to U.S. Patent No. 9,824,350 to
21 Square co-founder Jack Dorsey.

22 31. AnywhereCommerce has offered to license the Asserted Patents to Square.
23 Notwithstanding its knowledge of the patents and their applicability to Square products, however,
24 Square has declined to take a license and does not have a license to the Asserted Patents. Square
25 continues to make, sell, and offer the infringing devices and related services and systems for sale
26 in the United States, and to import the infringing devices into the United States for sale within the
27 United States.

DEFENDANT'S INFRINGING ACTIVITIES

32. Square has built and continues to build its business manufacturing, selling, and offering for sale infringing payment transaction devices, services and systems in the United States. Square has manufactured, used, sold and/or offered for sale in the United States products that directly and indirectly infringe the Asserted Patents, including, at least, the Square Magstripe Reader, Square EMV Chip Card Reader, and Square Contactless and Chip Reader together with Square Point of Sale applications and Square servers (collectively, the “Accused Products”). To the extent that Square does not make the Accused Products in the United States, it imports infringing products, and imports products intended to be used in a manner to infringe the Asserted Patents. Upon information and belief, Square has imported the products into the United States from one or more foreign countries, including China.

33. The Accused Products include transaction card readers as described and claimed in the Asserted Patents. Depictions of these devices have appeared on Square's website as follows:



Square Magnetic Stripe Reader



Square EMV Chip Card Reader



Square Contactless and Chip Reader

34. Each Square Reader is made, used, and sold for the purpose of effecting commercial transactions between an input device and a remote transaction server using a transaction card, as claimed in the Asserted Patents. These devices have practiced the apparatus and method claims for commercial payment transactions using a transaction card via a mobile communication device as claimed by the Asserted Patents, and as will be explained in more detail below in reference to each patent.

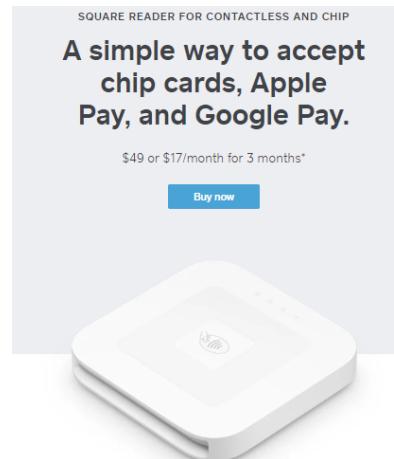
1 35. As Square states and has stated on its website and product packaging, its Readers
 2 allow a user to “[a]ccept credit cards anywhere” and “allow everyone to take payments on their

3 **Accept credit cards anywhere**

4 Square Reader works with the free Square Point of Sale app to allow everyone to take
 5 payments on their smartphone or tablet.



15 smartphone or tablet,” whether by plugging the Accused Device into a phone’s hands-free headset
 16 jack, as with the Magstripe Reader and EMV Reader, or by connecting wirelessly as with the
 17 Contactless & Chip Reader.



27 **Secure. Fast. Simple.**

28 Small text at the bottom states: "Square Reader lets you accept chip cards, Apple Pay, and Google Pay anywhere. Connect wirelessly, accept payments quickly, and get your funds fast."

See, e.g., <https://squareup.com/us/en/hardware/reader;> <https://squareup.com/us/en/hardware/contactless-chip-reader>² (“Square Reader lets you accept chip cards, Apple Pay, and Google Pay anywhere[]”); *see also* Ex. K (promoting use of the product to “[a]ccept credit cards on your iPhone,® iPad,® or Android™” and instructing the user to “[p]lug Square Reader into the headset jack on your device”) ; Ex. M (promoting the Square EMV Chip Card Reader to “[p]rocess Visa, MasterCard, Discover, and American Express”).

36. Square provides a downloadable application known as “Point of Sale” (formerly “Square Register”) to support a full spectrum of services associated with the transaction. *See, e.g.*, <https://squareup.com/us/en/hardware/reader> (“Square Reader works with the free Square Point of Sale app to allow everyone to take payments on their smartphone or tablet.”); <https://squareup.com/us/en/hardware/contactless-chip-reader> (“Fire up a Square point-of-sale app and you’re ready to take payments anywhere.”); https://play.google.com/store/apps/details?id=com.squareup&hl=en_US (“Square Point of Sale (formerly “Square Register”) is the free Android point-of-sale app that gives you everything you need to take payments and run your business. Accept debit and credit cards with Square Reader for magstripe, and accept EMV chip cards and Android Pay with Square Reader for contactless and chip”; “Download Square Point of Sale free and seamlessly take payments with Square Reader, the cube-shaped card reader you can use anywhere.”); <https://squareup.com> (“Square Point of Sale is the free app that helps you do it all”); <https://squareup.com/us/en/software/point-of-sale> (describing Square Point of Sale capabilities). In fact, the Readers “only work[] with the Square [Point of Sale] application and a compatible mobile device” together with Square’s servers. *See* Ex. L at 1, 2 (“The Reader only works with the Square [Point of Sale] application and a compatible mobile device” and “The Square Reader is cryptographically authenticated to both the [Point of Sale] application and Square back-end servers.”).

37. With all of the Square Readers, security is important. Accordingly, the information captured by the reader is encrypted “at the moment of swipe,” and only an encrypted

² Unless otherwise stated, all websites cited herein were visited on July 25, 2019.

1 signal is sent to the user's mobile communication device and – ultimately – on to Square's
 2 transaction servers. See, e.g., <https://squareup.com/help/us/en/article/3797-secure-data-encryption> (“To protect Square account holders and their customers, all information entered by
 3 our customers has been encrypted and submitted to our servers securely” and “Square Point of
 4 Sale uses the Square Reader to encrypt all card-present transactions at the point of swipe, so
 5 information remains encrypted throughout transmission from the reader, to the application, to
 6 Square's data centers.”).

8 38. There are differences between the different Square Readers. In general, the
 9 different Square Readers operate as follows:

10 **The Square Magstripe Reader**

11 39. The Square Magstripe Reader is a payment transaction device designed to
 12 plug into the hands-free headset jack of a mobile communication device, such as a cell phone or
 13 tablet, for use in effecting a commercial transaction. The “read head” within the reader captures
 14 information from the card's magnetic stripe as the card is swiped through a slot in the device. The
 15 reader converts the captured information into an encrypted signal that indicates the captured card
 16 information in a format suitable for transmission to the headset jack of the cell phone or tablet (or
 17 other mobile communication device) and transmits the signal to the communication device through
 18 a communication link established by the reader's output jack to the phone/tablet's audio jack.

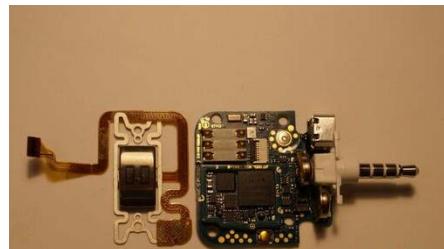


25 40. The Square Magstripe Reader (like all of the Square readers) is designed to
 26 operate only with the Square servers and Square Point of Sale application, which is downloaded
 27 onto a user's phone/tablet. After the phone/tablet receives the formatted signal from the reader to
 28 indicate the captured card information, the Square Point of Sale application on the phone/tablet

1 transmits the captured card information to Square's remote transaction servers for processing and
 2 validation of the transaction. The Square transaction server in turn validates the transaction and
 3 returns information to the phone through the Square Point of Sale application.

4 The Square EMV Chip Card Reader

5 41. The Square EMV Chip Card Reader is designed to read magnetic stripe cards
 6 using the same apparatus as in the Magstripe Reader, and also to read "smart" cards, also known
 7 as EMV or "chip" cards, which are transaction cards containing the card information on an
 8 embedded integrated circuit, also known as a "chip." The EMV Chip Card Reader therefore
 9 includes the same type of apparatus and functionality as the Magstripe Reader. *Additionally*, the
 10 EMV Chip Card Reader contains structure for reading an EMV chip card. This additional structure
 11 includes (1) a second insert slot, this one designed for insertion of the EMV card, and (2) a
 12 corresponding smart card reader assembly. *See also, e.g., Ex. M ("Square Chip Card Reader")*
 13 ("The Square chip card reader has two slots, so you can accept secure EMV chip cards – and
 14 magnetic stripe cards, too.")



15 42. With its magnetic stripe apparatus, the EMV Chip Card Reader operates like the
 16 Magstripe Reader to effect commercial transactions using a magnetic stripe card.
 17 With its EMV Chip Card apparatus, the reader reads the information on
 18 the card's chip, produces a signal indicative of the information on the
 19 chip, and converts the signal to a format suitable for transmission to a
 20 jack of a mobile communication device such as a cell phone or tablet.
 21 It then sends the converted signal to the user's cell phone or tablet (or
 22 other mobile communication device) through the device's output jack,
 23



1 which is coupled to the hands-free jack of the mobile communication device for the transmission
 2 of signals between the devices.

3 43. Using a Square Point of Sale application (formerly Square Register), the cell
 4 phone or tablet automatically transmits the appropriate signal/captured information to a remote
 5 Square transaction server for further processing and receives transaction validation information
 6 from the remote server, just as with the Magstripe Reader. *See* Ex. L (“The Reader only works
 7 with the Square [Point of Sale] application and a compatible mobile device.”).

8 The Square Contactless and Chip Reader

9 44. Square’s Contactless and Chip Reader – a wireless Bluetooth device – is its
 10 newest design.



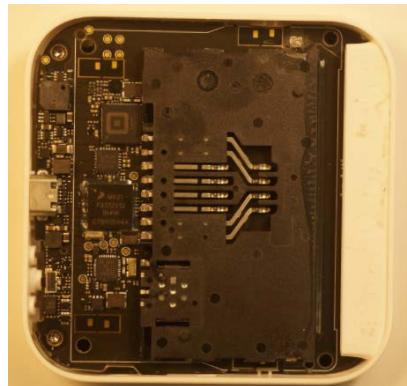
11 45. Like the EMV Chip Card Reader, the Square Contactless and Chip Reader is
 12 designed as a reader for a smart card with an embedded integrated circuit chip. *See*
 13 <https://squareup.com/us/en/hardware/contactless-chip-reader> (“Square Reader lets you accept chip
 14 cards ...”).

15 46. The contactless reader connects wirelessly to a mobile communication device
 16 such as a cell phone or tablet, reads the information embedded on the chip, converts the information
 17 into a signal that reflects that information, and transmits the
 18 information to the mobile communication device. *See*
 19 <https://squareup.com/us/en/hardware/contactless-chip-reader>
 20 (“Connect the reader wirelessly to your Apple or Android device via
 21 Bluetooth LE (no need for a headset jack). Fire up a Square point-of-
 22 sale app and you’re ready to take payments anywhere.”). Using
 23



1 software from the Square Point of Sale app, the communication device transmits the
2 signal/information to Square's transaction servers, which are located at remote, secured facilities.

3 47. As to its specific design, a photo of the Contactless and Chip Reader's internal
4 layout is shown below:



5
6
7
8
9
10 48. As shown in the photo, the device includes a sensor for reading information that
11 is recorded on the card's integrated circuit chip. Coupled to the sensor on the printed circuit board
12 is a controller for converting the recorded information stored on the integrated circuit into a signal
13 (indicative of the recorded information) suitable for transmission to a mobile communication
14 device. The controller also does the encryption. The Contactless and Chip Reader also includes
15 a communication IC for Bluetooth Connection. The communication IC provides a communication
16 link to the communication device for the transmission of the encrypted signal using Bluetooth
17 technology. See <https://squareup.com/us/en/hardware/contactless-chip-reader> ("Connect the
18 reader wirelessly to your Apple or Android device via Bluetooth LE (no need for a headset jack).
19 Fire up a Square point-of-sale app and you're ready to take payments anywhere.").

20
21 49. With this structure, the sensor reads the recorded information stored on the
22 integrated circuit, the controller converts the recorded information read by the sensor into a signal
23 that is indicative of the recorded information and suitably formatted for transmission to a mobile
24 communication device, and transmits the signal to the mobile communication device using the
25 communication link. The mobile communication device then transmits the card information/signal
26 to a Square transaction server using a Square Point of Sale application for processing a commercial
27 transaction.
28

1 **SQUARE'S INSTRUCTIONS TO ITS USERS**

2 50. In addition to directly infringing the Asserted Patents, Square has indirectly
 3 infringed the Asserted Patents by instructing, directing, and/or requiring others, including its
 4 customers, purchasers, and users, to practice the claims of the Asserted Patents.

5 Square has provided materials both online and in the product packaging for its readers that instruct
 6 and encourage users to use the products in an infringing manner. For example, Square instructs to
 7 use the products to “accept credit cards on your iPhone, iPad, or Android.” *See Ex. K.* It instructs
 8 the user on how to use the readers with a cell phone or tablet – from establishing a connection
 9 between the two, swiping a magnetic stripe card, inserting a chip card into the reader, instructing
 10 the charge, and waiting for validation. *See Ex. K.* It further instructs the user to pair the reader
 11 product with both (1) a mobile communication device such as a cell phone or tablet, and (2) the
 12 Square Point of Sale app in order to make commercial transactions with a variety of payment
 13 devices.

14 *See, e.g.,* <https://squareup.com/us/en/hardware/reader;>
 15 <https://squareup.com/us/en/hardware/contactless-chip-reader;>
 16 [https://play.google.com/store/apps/details?id=com.squareup&hl=en_US;](https://play.google.com/store/apps/details?id=com.squareup&hl=en_US)
 17 <https://squareup.com/us/en/software/point-of-sale>. Upon information and belief, Square has given
 18 these instructions with knowledge of the Asserted Patents and that a user following its instructions
 19 would infringe one or more of the Asserted Patents and intended to bring about their infringement.

20 51. On information and belief, there is no substantial non-infringing use for the
 21 Square Products. *See e.g., Ex. L* (“The Reader only works with the Square [Point of Sale]
 22 application and a compatible mobile device” and “The Square Reader is cryptographically
 23 authenticated to both the [Point of Sale] application and Square back-end servers.”).

23 **COUNT I**

24 **DIRECT INFRINGEMENT OF THE ‘875 PATENT**

25 52. AnywhereCommerce restates and incorporates by reference the paragraphs
 26 above as if fully stated herein.

27 53. Square has directly infringed and continues to directly infringe, literally or under
 28 the doctrine of equivalents, one or more claims of the ‘875 Patent in violation of 35 U.S.C. §271(a)

1 by making, using, selling, and/or offering to sell within the United States, without authority, the
2 Square Magstripe Reader and Square EMV Chip Card Reader, together with the Square Point of
3 Sale application and servers, which acts have been without the permission, consent, authorization
4 or license from AnywhereCommerce. Further, Square has directly infringed and continues to
5 directly infringe one or more claims of the ‘875 Patent by importing into the United States, without
6 authority, the Square Magstripe Reader and Square EMV Chip Card Reader.

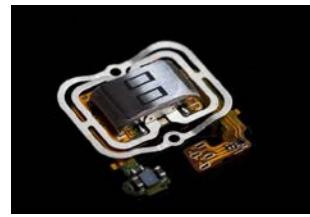
7 54. Each of the Square Magstripe Reader and Square EMV Chip Card Reader, in
8 connection with the Square Point of Sale application and Square servers, meets every limitation of
9 one or more claims of the ‘875 patent and infringes the ‘875 Patent because each contains every
10 element and/or practices every step of one or more claims of the patent including, without
11 limitation, Claim 1, which is directed to “An apparatus for effecting commercial transactions
12 between an input device and a remote transaction server using a transaction card, said apparatus
13 comprising: an input device for capturing information from the transaction card; a controller for
14 converting the captured card information into a signal having an analog audio format suitable for
15 transmission to an analog hands-free jack of a mobile communication device; and a
16 communication link for coupling said input device to an analog hands-free jack of a mobile
17 communication device for the transmission of said analog-audio-format signals therebetween;
18 wherein when said input device captures the card information, said controller converts the card
19 information into said analog-audio-format signal and transmits said converted signal via said
20 communication link to said mobile communication device; and wherein said mobile
21 communication device automatically transmits the captured card information to the remote
22 transaction server and receives transaction validation information from said remote transaction
23 server.” Ex. A at 11:48-12:3.

24 55. Specifically, taking a payment on either of these Square devices effects
25 “commercial transactions” between an “input device” and a remote transaction server with the use
26 of a transaction card such as a credit or debit card. As Square explains on its website, the Accused
27 Products allow “everyone to take payments on their smartphone or tablet” by providing for
28 communication with Square’s network and servers. [https://squareup.com/us/en/hardware/reader/](https://squareup.com/us/en/hardware/reader;)

1 <https://squareup.com/help/us/en/article/3797-secure-data-encryption;>

2 <https://squareup.com/us/en/security> (discussing the transfer of data “[f]rom the time the customer
3 uses a credit card or enters their information ... until it reaches Square’s processing
4 environment.”); *see also* Ex. L at 2 (referring to Square’s back-end servers).

5 56. To that end, the Square Magstripe Reader has an “input device for capturing
6 information from the transaction card,” Ex. A at 11:51-52, as shown in the photos below:



12 By swiping a credit card’s magnetic stripe through a slot provided on the Magstripe Reader, the
13 credit card contacts the internal “read head” assembly, which captures the card information from
14 the magnetic stripe. *See, e.g.,*

15 <https://www.magtek.com/content/documentationfiles/d99800004.pdf> (ISO 7811 for Magnetic
16 Stripe Card Standards) (specifies the requirements for magnetic stripe encoding);

17 <https://www.wired.com/2013/12/the-new-square-reader-a-look-at-how-gadget-guts-are-designed/>
18 (regarding a re-designing of the Magstripe Reader, explaining that the “read head” is “the piece
19 that actually pulls the data off your credit card’s magnetic stripe”).

20 57. The Square Magstripe Reader also has a custom chip, which is a controller that
21 controls the functions of the reader, including “converting the captured card information into a
22 signal having an analog audio format suitable for transmission to an analog hands-free jack of a
23 mobile communication device.” *See* Ex. A at 11:53-56. In other words, the Magstripe Reader’s
24 controller converts the information it obtains from the transaction card into an analog audio
25 formatted signal for transmission to the analog hands-free jack of a cell phone or tablet. *See, e.g.,*
26 <https://www.wired.com/2013/12/the-new-square-reader-a-look-at-how-gadget-guts-are-designed/>
27 (explaining that the Magstripe Reader’s chip, a/k/a controller, controls the “processes at the heart

1 of the product: Decoding the magnetic signal from the credit card, encoding the electrical signal
 2 being sent to the smartphone, and all the encryption that happens in between.”).

3 58. In addition, the Square Magstripe Reader has an
 4 output jack, which is designed to plug into a cell phone or tablet’s
 5 analog hands-free (*i.e.*, headphone) jack and serves as a
 6 “communication link for coupling said input device to an analog
 7 hands-free jack of a mobile communication device for the
 8 transmission of said analog-audio-format signals therebetween.” See
 9 <https://squareup.com/us/en/hardware/reader>.



10 59. When the Square Magstripe Reader is put to use, the device’s read head captures
 11 the card information, and the controller converts the card information into an analog-audio-format
 12 signal and transmits the converted signal through the communication link (between the reader’s
 13 output jack and an audio jack on a mobile communications device such as a cell phone or tablet)
 14 to the mobile communications device.

15 60. After the mobile communication device receives the converted signal, the
 16 mobile communication device acting on instructions from the Square Point of Sale application
 17 automatically transmits the captured card information to a remote Square transaction server and
 18 receives transaction validation information from that server. See, *e.g.*,
 19 https://play.google.com/store/apps/details?id=com.squareup&hl=en_US.

20 61. The Point of Sale application does this automatically for security purposes. For
 21 example, the user does not need to know/provide the url address location for the transaction server.
 22 This is part of meeting the Payment Card Industry Security Standard (PCI-DSS). Square provides
 23
 24
 25
 26
 27
 28

1 a summary of its encryption practices and other points of security on the Square website, including
 2 the following:

3 12/6/2018

Secure Data Encryption | Square Support Center - US

4 **Payment Card Industry Data Security Standard**

5 Square complies with the Payment Card Industry Data Security Standard ([PCI DSS](#)) on your behalf so you do
 6 not need to individually validate your state of compliance. The following are items that Square has addressed on
 your behalf:

- 7 • Square [Point of Sale](#) does not retain payment card data on the mobile device or within the application.
- 8 • Square Point of Sale uses the Square Reader to encrypt all card-present transactions at the point of swipe,
 so information remains encrypted throughout transmission from the reader, to the application, to Square's
 data centers. All communications are secure whether connected to the Internet via wireless or cellular data
 network (EDGE, 3G or 4G).
- 9 • Square Point of Sale enables you to enter payment card data. In addition, you can review transactions via
 the online dashboard or within the application itself. Square does not surface or display the full credit card
 number to the seller so there is no way to inadvertently display this data to any Square account holder.
- 10 • Square Point of Sale provides an application that is secure by default allowing customers to focus on their
 business. There are no configurable security controls within the application.
- 11 • Square Point of Sale does not require or permit remote connectivity to the application.
- 12 • Square Point of Sale updates are available through the Apple iTunes and Google Play stores.

13 <https://squareup.com/help/us/en/article/3797-secure-data-encryption; see also>

14 <https://squareup.com/guides/pci-compliance.>

15 62. All of this is as claimed in Claim 1 of the '875 Patent.

16 63. The EMV Chip Card Reader infringes at least for the reason that it includes all
 17 of the same apparatus and functionality as the Magstripe Reader and meets all of the limitations of
 18 Claim 1 in the same way as the Magstripe Reader. With the magnetic stripe reader portion of the
 19 EMV Chip Card Reader device, a magnetic stripe transaction card is swiped through the reader's
 20 slot designed for a magnetic stripe card, the credit card contacts the internal "read head" assembly
 21 to capture the card information from the magnetic stripe, the reader's controller converts the
 22 information it obtains from the transaction card into an analog audio formatted signal for
 23 transmission to the analog hands-free jack of a cell phone or tablet, and its output jack, which is
 24 designed to plug into the audio jack of a cell phone or tablet, provides a "communication link for
 25 coupling said input device to an analog hands-free jack of a mobile communication device for the
 26 transmission of said analog-audio-format signals therebetween." The input device captures the
 27 card information, the controller converts the card information into said analog-audio-format signal
 28 and transmits the converted signal through the communication link to the mobile communication

1 device, and the mobile communication device – instructed and enabled by the Square Point of Sale
2 application – automatically transmits the captured card information to the Square remote
3 transaction server and receives transaction validation information from the remote transaction
4 server.” Ex. A at 11:48-12:3; *see also* Exs. K, L, M.

5 64. On information and belief, Square has practiced other independent and
6 dependent claims of the ‘875 Patent in addition to Claim 1 and encouraged others to do so.
7 AnywhereCommerce reserves the right to identify other infringing products and/or additional
8 claims of the ‘875 Patent according to the local patent rules of this district.

9 65. Square’s infringement has caused and continues to cause AnywhereCommerce
10 to suffer damages in an amount to be determined, and has caused and continues to cause
11 AnywhereCommerce irreparable harm for which AnywhereCommerce has no adequate remedy at
12 law. Both AnywhereCommerce and Square compete in the space for mobile point-of-sale products
13 and services, as described above. Square’s continued infringement of the Asserted Patents causes
14 harm to AnywhereCommerce in the form of price erosion, loss of goodwill, damage to reputation,
15 loss of business opportunities, inadequacy of money damage, and direct and indirect competition.
16 Monetary damages are insufficient to compensate AnywhereCommerce for these harms.
17 Accordingly, AnywhereCommerce is entitled to permanent injunctive relief.
18 AnywhereCommerce will continue to suffer irreparable harm unless and until the Court enjoins
19 Square from committing further infringing acts.

20 66. Square’s infringement of the ‘875 Patent has injured and continues to injure
21 AnywhereCommerce in an amount to be proven at trial, but not less than a reasonable royalty.
22 AnywhereCommerce is entitled to recover from Square damages, including lost profits, in an
23 amount to be determined that is adequate to compensate AnywhereCommerce for Defendant’s
24 infringement.

25 67. Upon information and belief, Square has infringed with full knowledge of the
26 Asserted Patents including the ‘875 Patent since at least 2013 and despite specific, written notice
27 in January of 2019 from AnywhereCommerce to Square of all Asserted Patents as well as specific
28 notice of Square’s infringement. Despite its knowledge of AnywhereCommerce’s patents and

1 specifically the Asserted Patents, Square has sold and continued to sell the Accused Products,
2 imported the Accused Products, and performed services in complete and reckless disregard of
3 AnywhereCommerce's patent rights. As such, Square has acted recklessly and continues to
4 willfully, wantonly, and deliberately engage in acts of infringement of the '875 Patent, justifying
5 an award to AnywhereCommerce of increased damages under U.S.C. § 284, and attorneys' fees
6 and costs incurred under 35 U.S.C. § 285.

7 **COUNT II**

8 **INDIRECT INFRINGEMENT OF THE '875 PATENT – INDUCEMENT**

9 68. AnywhereCommerce restates and incorporates by reference the paragraphs
10 above as if fully stated herein.

11 69. Square has induced and continues to induce infringement of one or more claims
12 of the '875 Patent under 35 U.S.C. § 271(b), including at least Claim 1. In addition to directly
13 infringing the '875 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(b)
14 by instructing, directing and/or requiring others, including customers, purchasers, and users, to use
15 its products to form an infringing apparatus and use the apparatus in a manner that infringes the
16 '875 Patent either literally or under the doctrine of equivalents. In that regard, Square has known
17 or been willfully blind to the fact that it was inducing others, including customers, purchasers, and
18 users, to infringe by practicing, either themselves or in conjunction with Square, one or more
19 claims of the '875 Patent. Following Defendant's instructions, customers, purchasers, and users
20 have actually infringed by practicing, either themselves or in conjunction with Defendant, one or
21 more claims of the '875 Patent.

22 70. Square has knowingly and actively aided and abetted the direct infringement of
23 the '875 Patent by instructing and encouraging its customers, purchasers, and users to use the '875
24 Accused Products. Its instructions and encouragement have included, but are not limited to,
25 advising third parties to use the '875 Accused Products in an infringing manner, providing a
26 mechanism through which third parties may infringe the '875 Patent, advertising and promoting
27 the use of the '875 Accused Products in an infringing manner, and distributing guidelines and
28 instructions to third parties on how to use the '875 Accused Products in an infringing manner.

COUNT III**INDIRECT INFRINGEMENT OF THE ‘875 PATENT – CONTRIBUTORY
INFRINGEMENT**

71. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

72. Square has contributed to infringement and continues to contribute to infringement of one or more claims of the ‘875 Patent under 35 U.S.C. § 271(c), including at least Claim 1. In addition to directly infringing the ‘875 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(c) by supplying the Square Magstripe Reader and Square EMV Chip Card Reader, as well as the Square Point of Sale application, all of which are used to directly infringe the claims.

73. Upon information and belief, there is no substantial non-infringing use for the Square Magstripe Reader, Square EMV Chip Card Reader, or the Point of Sale application. They are specifically designed to infringe the Asserted Patent claims, and Square has intended for them to do so.

74. Square has made, used, offered to sell, sold, and imported these devices with knowledge of the ‘875 Patent.

75. Square further has made, used, offered to sell, sold, and imported these devices with knowledge that they have no substantial non-infringing use.

COUNT IV**DIRECT INFRINGEMENT OF THE ‘998 PATENT**

76. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

77. Square has directly infringed and continues to directly infringe, literally or under the doctrine of equivalents, one or more claims of the ‘998 Patent in violation of 35 U.S.C. §271(a) by making, using, selling, and/or offering to sell within the United States, without authority, the Square Magstripe Reader and Square EMV Chip Card Reader, together with the Square Point of Sale application and servers, which acts have been without the permission, consent, authorization

1 or license from AnywhereCommerce. Further, Square has directly infringed and continues to
 2 directly infringe one or more claims of the '998 Patent by importing into the United States, without
 3 authority, the Square Magstripe Reader and Square EMV Chip Card Reader.

4 78. Each of the Square Magstripe Reader and Square EMV Chip Card Reader, in
 5 connection with the Square Point of Sale application and Square servers, meets every limitation of
 6 one or more claims of the '998 Patent and infringes the '998 Patent because each contains every
 7 element and/or practices every step of one or more claims of the patent including, without
 8 limitation, Claim 1.

9 79. Claim 1 of the '998 Patent is the same as Claim 1 of the '875 Patent, except for
 10 the additional requirement that the analog audio signal generated by the controller be encrypted.
 11 *See* Ex. B at 11:53-56 (“a controller for converting the captured card information into an encrypted
 12 audio signal having an analog audio format suitable for transmission to an analog hands-free jack
 13 of a mobile communication device”) (emphasis added). As to the elements of this claim that
 14 mirror those of the '875 Patent, then, the analysis of the Square Magstripe Reader and EMV Chip
 15 Card Reader is the same as for Claim 1 of the '875 Patent, above.

16 80. In addition, as to the requirement that the controller of these devices include
 17 encryption capabilities and provide for transmitting an encrypted signal, that requirement is also
 18 present. *See, e.g.,* <https://squareup.com/help/us/en/article/3797-secure-data-encryption> (“Secure
 19 Data Encryption”) (“Square Point of Sale uses the Square Reader to encrypt all card-present
 20 transactions at the point of swipe, so information remains encrypted throughout transmission from
 21 the reader, to the application, to Square’s data centers. All communications are secure whether
 22 connected to the Internet via wireless or cellular data network (EDGE, 3G or 4G.”) Square’s
 23 Vice President of Hardware, Jesse Dorogusker, has explained that this encryption is controlled by
 24 the reader’s chip, which is the device’s controller and controls “the processes at the heart of the
 25 product: Decoding the magnetic signal from the credit card, encoding the electrical signal being
 26 sent to the smartphone, and all the encryption that happens in between.” *See, e.g.,*
 27 [https://www.wired.com/2013/12/the-new-square-reader-a-look-at-how-gadget-guts-are-
 28 designed/](https://www.wired.com/2013/12/the-new-square-reader-a-look-at-how-gadget-guts-are-designed/).

1 81. On information and belief, Square has practiced other independent and
2 dependent claims of the ‘998 Patent in addition to Claim 1 and encouraged others to do so.
3 AnywhereCommerce reserves the right to identify other infringing products and/or additional
4 claims of the ‘998 Patent according to the local patent rules of this district.

5 82. Square’s infringement has caused and continues to cause AnywhereCommerce
6 to suffer damages in an amount to be determined, and has caused and continues to cause
7 AnywhereCommerce irreparable harm for which AnywhereCommerce has no adequate remedy at
8 law. Both AnywhereCommerce and Square compete in the space for mobile point of sale products
9 and services, as described above. Further, on information and belief, Square’s continued
10 infringement of the Asserted Patents causes harm to AnywhereCommerce in the form of price
11 erosion, loss of goodwill, damage to reputation, loss of business opportunities, and direct and
12 indirect competition. Monetary damages are insufficient to compensate AnywhereCommerce for
13 these harms. Accordingly, AnywhereCommerce is entitled to permanent injunctive relief.
14 AnywhereCommerce will continue to suffer irreparable harm unless and until the Court enjoins
15 Square from committing further infringing acts.

16 83. Square’s infringement of the ‘998 Patent has injured and continues to injure
17 AnywhereCommerce in an amount to be proven at trial, but not less than a reasonable royalty.
18 AnywhereCommerce is entitled to recover from Square damages, including lost profits, in an
19 amount to be determined that is adequate to compensate AnywhereCommerce for Defendant’s
20 infringement.

21 84. Upon information and belief, Square has infringed with full knowledge of the
22 Asserted Patents including the ‘998 Patent since at least 2013 and despite specific, written notice
23 in January of 2019 from AnywhereCommerce to Square of all Asserted Patents as well as specific
24 notice of Square’s infringement. Despite its knowledge of AnywhereCommerce’s patents and
25 specifically the Asserted Patents, Square has sold and continued to sell the Accused Products,
26 imported the Accused Products, and performed services in complete and reckless disregard of
27 AnywhereCommerce’s patent rights. As such, Square has acted recklessly and continues to
28 willfully, wantonly, and deliberately engage in acts of infringement of the ‘998 Patent, justifying

1 an award to AnywhereCommerce of increased damages under U.S.C. § 284, and attorneys' fees
2 and costs incurred under 35 U.S.C. § 285.

3 **COUNT V**

4 **INDIRECT INFRINGEMENT OF THE '998 PATENT – INDUCEMENT**

5 85. AnywhereCommerce restates and incorporates by reference the paragraphs
6 above as if fully stated herein.

7 86. Square has induced and continues to induce infringement of one or more claims
8 of the '998 Patent under 35 U.S.C. § 271(b), including at least Claim 1. In addition to directly
9 infringing the '998 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(b)
10 by instructing, directing and/or requiring others, including customers, purchasers, and users, to use
11 its products to form an infringing apparatus and use the apparatus in a manner that infringes the
12 '998 Patent either literally or under the doctrine of equivalents. In that regard, Square has known
13 or been willfully blind to the fact that it was inducing others, including customers, purchasers, and
14 users, to infringe by practicing, either themselves or in conjunction with Square, one or more
15 apparatus claims of the '998 Patent. Following Defendant's instructions, customers, purchasers,
16 and users have actually infringed by practicing, either themselves or in conjunction with
17 Defendant, one or more claims of the '998 Patent.

18 87. Square knowingly and actively aided and abetted the direct infringement of the
19 '998 Patent by instructing and encouraging its customers, purchasers, and users to use the '998
20 Accused Products. Its instructions and encouragement have included, but are not limited to,
21 advising third parties to use the '998 Accused Products in an infringing manner, providing a
22 mechanism through which third parties may infringe the '998 Patent, advertising and promoting
23 the use of the '998 Accused Products in an infringing manner, and distributing guidelines and
24 instructions to third parties on how to use the '998 Accused Products in an infringing manner.

COUNT VI**INDIRECT INFRINGEMENT OF THE ‘998 PATENT – CONTRIBUTORY
INFRINGEMENT**

88. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

89. Square has contributed to infringement and continues to contribute to infringement of one or more claims of the ‘998 Patent under 35 U.S.C. § 271(c), including at least Claim 1. As with the ‘875 Patent, in addition to directly infringing the ‘998 Patent, Square indirectly infringes the ‘998 Patent pursuant to 35 U.S.C. § 271(c) by supplying the Square Magstripe Reader and Square EMV Chip Card Reader, as well as the Square Point of Sale application, all of which are used to directly infringe the claims.

90. Upon information and belief, there is no substantial non-infringing use for the Square Magstripe Reader, Square EMV Chip Card Reader, or the Point of Sale application. They are specifically designed to infringe the Asserted Patent claims, and Square intends for them to do so.

91. Square has made, used, offered to sell, sold, and imported these devices with knowledge of the ‘998 Patent.

92. Square further has made, used, offered to sell, sold, and imported these devices with knowledge that they have no substantial non-infringing use.

COUNT VII**DIRECT INFRINGEMENT OF THE ‘566 PATENT**

93. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

94. Square has directly infringed and continues to directly infringe, literally or under the doctrine of equivalents, one or more claims of the ‘566 Patent, in violation of 35 U.S.C. §271(a) by making, using, selling, and/or offering to sell within the United States, without authority, the Square EMV Chip Card Reader, together with the Square Point of Sale application and servers, which acts have been without the permission, consent, authorization or license from

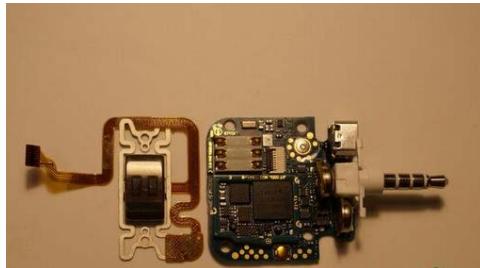
1 AnywhereCommerce. Further, Square has directly infringed and continues to directly infringe,
2 literally or under the doctrine of equivalents, one or more claims of the ‘566 Patent by importing
3 into the United States, without authority, the Square EMV Chip Card Reader.

4 95. Square and its EMV Chip Card Reader, operating with the Square Point of Sale
5 application and Square servers, meets every limitation of one or more claims of the ‘566 Patent
6 and infringes the ‘566 Patent because it contains every element and/or practices every step of one
7 or more claims of the patent including, without limitation, Claim 3.

8 96. Claim 3 of the ‘566 Patent is a method claim specific to smart card readers. As
9 such, it claims a “method for reading a smart card having recorded information stored on an
10 integrated circuit incorporated into the card, the method comprising the steps of: providing a
11 portable card reader device comprising a sensor for reading the recorded information stored on the
12 integrated circuit, and an output jack adapted to be inserted into a jack associated with a mobile
13 communication device; wherein said portable card reader device produces an analog signal
14 indicative of the recorded information stored on said integrated circuit; said analog signal suitable
15 for transmission to said jack of said mobile communication device; providing said analog signal
16 indicative of the recorded information stored on the integrated circuit to said mobile
17 communication device for further processing by circuitry contained in said mobile communication
18 device; and transmitting said signal to a transaction server for further processing.” Ex. C at 12:21-
19 41.

20 97. Square and others at its direction have performed the claimed method by
21 providing the Square EMV Chip Card Reader for use, together with the Square Point of Sale
22 application and servers, in reading a smart card having recorded information stored on an
23 integrated circuit incorporated into the card, such as a type of credit card or debit card generally
24 known as a “chip” card.

1 98. Square and others at its direction have provided the Square EMV Chip Card
 2 Reader, which is a portable card reader device for a smart card and includes both (1) a sensor for
 3 reading the recorded information stored on the integrated circuit, and (2) an output jack adapted to
 4 be inserted into a jack associated with a mobile communication device, such as a cell phone or
 5 tablet.



11 99. The Square EMV Chip Card Reader produces an analog signal (indicative of the
 12 recorded information stored on said integrated circuit) that is suitable for transmission to the jack
 13 of the mobile communication device and provides the analog signal to the mobile
 14 communication device for further processing by circuitry contained in the mobile
 15 communication device. The operations of the reader with a mobile communication device show
 16 that an analog signal is generated and formatted for transmission to the mobile communication
 17 device, at least through the fact that the signal is received through the mobile communication
 18 device's analog jack. *See Exs. K, L, M.*

19 100. The EMV Chip Card Reader provides the analog signal to the mobile
 20 communication device for further processing by circuitry contained in the mobile
 21 communication device. After the signal reaches the mobile communication device, upon
 22 information and belief, instructions and software from the Square Point of Sale application
 23 working on the circuitry of the mobile communication device cause the circuitry to perform
 24 additional processing on the signal. *See, e.g., Ex. L* (explaining that the Square readers “only
 25 work[] with the Square [Point of Sale] application and a compatible mobile device.”).
 26 With the use of its Point of Sale application, Square then transmits the signal to a transaction
 27 server for further processing. *See, e.g., <https://squareup.com/help/us/en/article/3797-secure-data->*

1 encryption (“To protect Square account holders and their customers, all information entered by
 2 our customers has been encrypted and submitted to our servers securely” and “Square Point of
 3 Sale uses the Square Reader to encrypt all card-present transactions at the point of swipe, so
 4 information remains encrypted throughout transmission from the reader, to the application, to
 5 Square’s data centers.”) This step completes the infringement of Claim 3.

6 101. On information and belief, Square has practiced other independent and
 7 dependent claims of the ‘566 Patent in addition to Claim 3 and encouraged others to do so.
 8 AnywhereCommerce reserves the right to identify other infringing products and/or additional
 9 claims of the ‘566 Patent according to the local patent rules of this district.

10 102. Square’s infringement has caused and continues to cause AnywhereCommerce
 11 to suffer damages in an amount to be determined, and has caused and continues to cause
 12 AnywhereCommerce irreparable harm for which AnywhereCommerce has no adequate remedy at
 13 law. Both AnywhereCommerce and Square compete in the space for mobile point-of-sale products
 14 and services, as described above. Square’s continued infringement of the Asserted Patents causes
 15 harm to AnywhereCommerce in the form of price erosion, loss of goodwill, damage to reputation,
 16 loss of business opportunities, inadequacy of money damage, and direct and indirect competition.
 17 Monetary damages are insufficient to compensate AnywhereCommerce for these harms.
 18 Accordingly, AnywhereCommerce is entitled to permanent injunctive relief.
 19 AnywhereCommerce will continue to suffer irreparable harm unless and until the Court enjoins
 20 Square from committing further infringing acts.

21 103. Square’s infringement of the ‘566 Patent has injured and continues to injure
 22 AnywhereCommerce in an amount to be proven at trial, but not less than a reasonable royalty.
 23 AnywhereCommerce is entitled to recover from Square damages, including lost profits, in an
 24 amount to be determined that is adequate to compensate AnywhereCommerce for Defendant’s
 25 infringement.

26 104. Upon information and belief, Square has infringed with full knowledge of the
 27 Asserted Patents including the ‘566 Patent since at least shortly after its issuance in 2015 and
 28 despite specific, written notice in January of 2019 from AnywhereCommerce to Square of all

1 Asserted Patents as well as specific notice of Square's infringement. Despite its knowledge of
 2 AnywhereCommerce's patents and specifically the Asserted Patents, Square has sold and
 3 continued to sell the Accused Products, imported the Accused Products, and performed services
 4 in complete and reckless disregard of AnywhereCommerce's patent rights. As such, Square has
 5 acted recklessly and continues to willfully, wantonly, and deliberately engage in acts of
 6 infringement of the '566 Patent, justifying an award to AnywhereCommerce of increased damages
 7 under U.S.C. § 284, and attorneys' fees and costs incurred under 35 U.S.C. § 285.

8 **COUNT VIII**

9 **INDIRECT INFRINGEMENT OF THE '566 PATENT -- INDUCEMENT**

105. AnywhereCommerce restates and incorporates by reference the paragraphs
 11 above as if fully stated herein.

106. Square has induced and continues to induce infringement of one or more claims
 13 of the '566 Patent under 35 U.S.C. § 271(b), including at least Claim 3. In addition to directly
 14 infringing the '566 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(b)
 15 by instructing, directing and/or requiring others, including customers, purchasers, and users, to use
 16 its products to form an infringing apparatus and use the apparatus in a manner that infringes the
 17 '566 Patent either literally or under the doctrine of equivalents such as by performing steps of the
 18 method claims where all of the steps of the method claims are performed by either Square or its
 19 customers, purchasers, and users, or some combination thereof. *See, e.g.,* Exs. K, L, M. In that
 20 regard, Square has known or been willfully blind to the fact that it was inducing others, including
 21 customers, purchasers, and users, to infringe by practicing, either themselves or in conjunction
 22 with Square, one or more claims of the '566 Patent. Following Defendant's instructions,
 23 customers, purchasers, and users have actually infringed by practicing, either themselves or in
 24 conjunction with Defendant, one or more claims of the '566 Patent.

107. Square has knowingly and actively aided and abetted the direct infringement of
 26 the '566 Patent by instructing and encouraging its customers, purchasers, and users to use the '566
 27 Accused Products. Its instructions and encouragement have included, but are not limited to,
 28 advising third parties to use the '566 Accused Products in an infringing manner, providing a

1 mechanism through which third parties may infringe the ‘566 Patent, advertising and promoting
 2 the use of the ‘566 Accused Products in an infringing manner, and distributing guidelines and
 3 instructions to third parties on how to use the ‘566 Accused Products in an infringing manner.

4 **COUNT IX**

5 **INDIRECT INFRINGEMENT OF THE ‘566 PATENT – CONTRIBUTORY**
 6 **INFRINGEMENT**

7 108. AnywhereCommerce restates and incorporates by reference the paragraphs
 8 above as if fully stated herein.

9 109. Square has contributed to infringement and continues to contribute to
 10 infringement of one or more claims of the ‘566 Patent under 35 U.S.C. § 271(c), including at least
 11 Claim 3. In addition to directly infringing the ‘566 Patent, Square has indirectly infringed the
 12 patent pursuant to 35 U.S.C. § 271(c) by supplying the Square EMV Chip Card Reader, as well as
 13 the Square Point of Sale application, both of which are used to directly infringe the claims.

14 110. Upon information and belief, there is no substantial non-infringing use for the
 15 Square EMV Chip Card Reader or the Point of Sale application. They are specifically designed to
 16 infringe the Asserted Patent claims, and Square intends for them to do so.

17 111. Square has made, used, offered to sell, sold, and imported these devices with
 18 knowledge of the ‘566 Patent.

19 112. Square further has made, used, offered to sell, sold, and imported these devices
 20 with knowledge that they have no substantial non-infringing use.

21 **COUNT X**

22 **DIRECT INFRINGEMENT OF THE ‘084 PATENT**

23 113. AnywhereCommerce restates and incorporates by reference the paragraphs
 24 above as if fully stated herein.

25 114. Square has directly infringed and continues to directly infringe, literally or under
 26 the doctrine of equivalents, one or more claims of the ‘084 Patent, in violation of 35 U.S.C. §271(a)
 27 by making, using, selling, and/or offering to sell within the United States, without authority, the
 28 Square EMV Chip Card Reader, together with the Square Point of Sale application and servers,

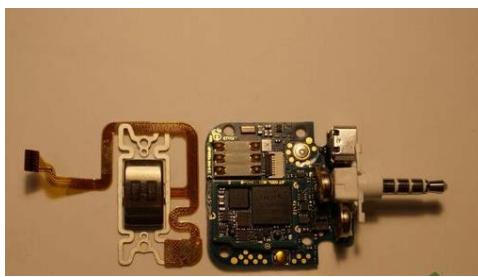
1 which acts have been without the permission, consent, authorization or license from
2 AnywhereCommerce. Further, Square has directly infringed and continues to directly infringe,
3 literally or under the doctrine of equivalents, one or more claims of the '084 Patent by importing
4 into the United States, without authority, the Square EMV Chip Card Reader.

5 115. The Square EMV Chip Card Reader, operating with the Square Point of Sale
6 application and Square servers, meets every limitation of one or more claims of the patent and
7 infringes the '084 Patent because it contains every element and/or practices every step of one or
8 more claims of the patent including without limitation Claim 5, which is directed to a method "for
9 reading a smart card, the method comprising the steps of: providing a portable card reader device
10 comprising a sensor for reading information stored on the integrated circuit of a smart card, and
11 an output jack adapted to be inserted into a hands-free jack associated with a mobile
12 communication device; wherein said portable card reader device produces an encrypted
13 analog signal indicative of the information stored on said integrated circuit; said encrypted
14 analog signal suitable for transmission to said hands-free jack of said mobile communication
15 device; providing said encrypted analog signal indicative of the information stored on the
16 integrated circuit to said mobile communication device for further processing by circuitry
17 contained in said mobile communication device; and transmitting said encrypted analog signal to
18 a transaction server for further processing." Ex. D at 12:23-43.

19 116. Square and others at its direction have performed the claimed method by
20 providing the Square EMV Chip Card Reader, together with the Square Point of Sale application
21 and servers, for use in reading a smart card, such as a type of credit card or debit card generally
22 known as a "chip" card.

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1 117. Square and others at its direction have performed the steps of a method for
2 reading a smart card by providing the Square EMV Chip Card Reader, which – as discussed above
3 – is a portable card reader device including both (1) a sensor for reading the recorded information
4 stored on the integrated circuit of the smart card, and (2) an output jack adapted to be inserted into
5 a hands-free headset jack associated with a mobile communication device, such as a cell phone or
6 tablet.



7 118. The Square EMV Chip Card Reader produces an encrypted analog signal
8 (indicative of the recorded information stored on said integrated circuit) that is suitable for
9 transmission to the hands-free headset jack of the mobile communication device and provides the
10 encrypted analog signal to the mobile communication device for further processing by circuitry
11 contained in the mobile communication device. The operations of the reader with a mobile
12 communication device show that an analog signal is generated and formatted for transmission
13 to the mobile communication device, at least through the fact that the signal is received through
14 the mobile communication device's analog jack. Moreover, Square documents advise that the
15 signal is encrypted. See, e.g., <https://squareup.com/help/us/en/article/3797-secure-data-encryption> (“Secure Data Encryption”) (“Square Point of Sale uses the Square Reader to encrypt
16 all card-present transactions at the point of swipe, so information remains encrypted throughout
17 transmission from the reader, to the application, to Square’s data centers. All communications are
18 secure whether connected to the Internet via wireless or cellular data network (EDGE, 3G or
19 4G.”).

20 119. The Square EMV Chip Card Reader provides the encrypted analog signal to
21 the mobile communication device for further processing by circuitry contained in the mobile
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1 communication device. After the signal reaches the mobile communication device, upon
2 information and belief, instructions and software from the Square Point of Sale app working on
3 the circuitry of the mobile communication device cause the circuitry to perform additional
4 processing on the signal. *See, e.g.*, Ex. L (explaining that the Square readers “only work[] with
5 the Square [Point of Sale] application and a compatible mobile device.”).

6 120. With the use of its Point of Sale application, Square then transmits the
7 encrypted analog signal to a transaction server for further processing. This step completes the
8 infringement of Claim 5.

9 121. On information and belief, Square has practiced independent and dependent
10 claims of the ‘084 Patent in addition to Claim 5 and encouraged others to do so.
11 AnywhereCommerce reserves the right to identify other infringing products and/or additional
12 claims of the ‘084 Patent according to the local patent rules of this district.

13 122. Square’s infringement has caused and continues to cause AnywhereCommerce
14 to suffer damages in an amount to be determined, and has caused and continues to cause
15 AnywhereCommerce irreparable harm for which AnywhereCommerce has no adequate remedy at
16 law. Both AnywhereCommerce and Square compete in the space for mobile point-of-sale products
17 and services, as described above. Square’s continued infringement of the Asserted Patents causes
18 harm to AnywhereCommerce in the form of price erosion, loss of goodwill, damage to reputation,
19 loss of business opportunities, inadequacy of money damage, and direct and indirect competition.
20 Monetary damages are insufficient to compensate AnywhereCommerce for these harms.
21 Accordingly, AnywhereCommerce is entitled to permanent injunctive relief.
22 AnywhereCommerce will continue to suffer irreparable harm unless and until the Court enjoins
23 Square from committing further infringing acts.

24 123. Square’s infringement of the ‘084 Patent has injured and continues to injure
25 AnywhereCommerce in an amount to be proven at trial, but not less than a reasonable royalty.
26 AnywhereCommerce is entitled to recover from Square damages, including lost profits, in an
27 amount to be determined that is adequate to compensate AnywhereCommerce for Defendant’s
28 infringement.

1 124. Upon information and belief, Square has infringed with full knowledge of the
2 Asserted Patents including the ‘084 Patent since at least shortly after its issuance in 2016 and
3 despite specific, written notice in January of 2019 from AnywhereCommerce to Square of all
4 Asserted Patents as well as specific notice of Square’s infringement. Despite its knowledge of
5 AnywhereCommerce’s patents and specifically the Asserted Patents, Square has sold and
6 continued to sell the Accused Products, imported the Accused Products, and performed services
7 in complete and reckless disregard of AnywhereCommerce’s patent rights. As such, Square has
8 acted recklessly and continues to willfully, wantonly, and deliberately engage in acts of
9 infringement of the ‘084 Patent, justifying an award to AnywhereCommerce of increased damages
10 under U.S.C. § 284, and attorneys’ fees and costs incurred under 35 U.S.C. § 285.

COUNT XI

INDIRECT INFRINGEMENT OF THE '084 PATENT -- INDUCEMENT

13 125. AnywhereCommerce restates and incorporates by reference the paragraphs
14 above as if fully stated herein.

15 126. Square has induced and continues to induce infringement of one or more claims
16 of the ‘084 Patent under 35 U.S.C. § 271(b), including at least Claim 5. In addition to directly
17 infringing the ‘084 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(b)
18 by instructing, directing and/or requiring others, including customers, purchasers, and users, to use
19 its products to form an infringing apparatus and use the apparatus in a manner that infringes the
20 ‘084 Patent either literally or under the doctrine of equivalents such as by performing steps of the
21 method claims where all of the steps of the method claims are performed by either Square or its
22 customers, purchasers, and users, or some combination thereof. In that regard, Square has known
23 or been willfully blind to the fact that it was inducing others, including customers, purchasers, and
24 users, to infringe by practicing, either themselves or in conjunction with Square, one or more
25 apparatus claims of the ‘084 Patent. Following Defendant’s instructions, customers, purchasers,
26 and users have actually infringed by practicing, either themselves or in conjunction with
27 Defendant, one or more claims of the ‘084 Patent.

127. Square has knowingly and actively aided and abetted the direct infringement of the ‘084 Patent by instructing and encouraging its customers, purchasers, and users to use the ‘084 Accused Products. Its instructions and encouragement have included, but are not limited to, advising third parties to use the ‘084 Accused Products in an infringing manner, providing a mechanism through which third parties may infringe the ‘084 Patent, advertising and promoting the use of the ‘084 Accused Products in an infringing manner, and distributing guidelines and instructions to third parties on how to use the ‘084 Accused Products in an infringing manner.

COUNT XII

INDIRECT INFRINGEMENT OF THE ‘084 PATENT – CONTRIBUTORY

INFRINGEMENT

128. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

129. Square has contributed to infringement and continues to contribute to infringement of one or more claims of the ‘084 Patent under 35 U.S.C. § 271(c), including at least Claim 5. In addition to directly infringing the ‘084 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(c) by supplying the Square EMV Chip Card Reader, as well as the Square Point of Sale application, both of which are used to directly infringe the claims.

130. Upon information and belief, there is no substantial non-infringing use for the Square EMV Chip Card Reader or the Point of Sale application. They are specifically designed to infringe the Asserted Patent claims, and Square intends for them to do so.

131. Square has made, used, offered to sell, sold, and imported these devices with knowledge of the '084 Patent.

132. Square further has made, used, offered to sell, sold, and imported these devices with knowledge that they have no substantial non-infringing use.

COUNT XIII

DIRECT INFRINGEMENT OF THE '637 PATENT

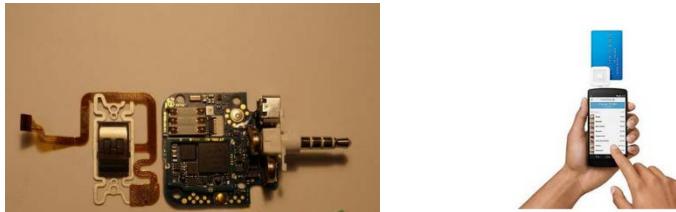
133. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

1 134. Square has directly infringed and continues to directly infringe, literally or under
2 the doctrine of equivalents, one or more claims of the ‘637 Patent, in violation of 35 U.S.C. §271(a)
3 by making, using, selling, and/or offering to sell within the United States, without authority, the
4 Square EMV Chip Card Reader, together with the Square Point of Sale application and servers,
5 which acts have been without the permission, consent, authorization or license from
6 AnywhereCommerce. Further, Square has directly infringed and continues to directly infringe,
7 literally or under the doctrine of equivalents, one or more claims of the ‘637 Patent by importing
8 into the United States, without authority, the Square EMV Chip Card Reader.

9 135. The Square EMV Chip Card Reader, operating with the Square Point of Sale
10 application and Square servers, meets every limitation of one or more claims of the ‘637 Patent
11 and infringes the ‘637 Patent because it contains every element and/or practices every step of one
12 or more claims of the patent including, without limitation, Claim 3, which claims “a method for
13 reading a smart card having recorded information stored on an integrated circuit incorporated into
14 the card, the method comprising the steps of: providing a portable card reader device comprising
15 a sensor for reading the recorded information stored on the integrated circuit, and an output jack
16 adapted to be inserted into a jack associated with a mobile communication device; wherein said
17 portable card reader device produces an encrypted analog signal indicative of the recorded
18 information stored on said integrated circuit; said encrypted analog signal suitable for transmission
19 to said jack of said mobile communication device; providing said encrypted analog signal
20 indicative of the recorded information stored on the integrated circuit to said mobile
21 communication device for further processing by circuitry contained in said mobile communication
22 device; and transmitting said signal to a transaction server for further processing.” Ex. E at 12:25-
23 44.

24 136. Square and others at its direction have performed the claimed method by
25 providing the Square EMV Chip Card Reader, together with the Square Point of Sale application
26 and servers, for use in reading a smart card having recorded information stored on an integrated
27 circuit incorporated into the card, such as a type of credit card or debit card generally known as a
28 “chip” card.

1 137. Square and others at its direction have provided the Square EMV Chip Card
2 Reader, which is a portable card reader device for reading a smart card and includes both (1) a
3 sensor for reading the recorded information stored on the integrated circuit, and (2) an output jack
4 adapted to be inserted into a jack associated with a mobile communication device, such as a cell
5 phone or tablet.



6 138. The Square EMV Chip Card Reader produces an encrypted analog signal
7 (indicative of the recorded information stored on said integrated circuit) that is suitable for
8 transmission to the jack of the mobile communication device. The operations and Square
9 documents show that an encrypted analog signal is produced in a format that is suitable for
10 transmission to a jack of a mobile communication device such as a cell phone or tablet, and is
11 transmitted to the jack of the mobile communication device. This is shown, for example, at least
12 through the fact that the signal is received through the mobile communication device's analog jack,
13 and Square documents advise that the analog signal is encrypted. See, e.g.,
14 <https://squareup.com/help/us/en/article/3797-secure-data-encryption> (“To protect Square account
15 holders and their customers, all information entered by our customers has been encrypted and
16 submitted to our servers securely” and “Square Point of Sale uses the Square Reader to encrypt all
17 card-present transactions at the point of swipe, so information remains encrypted throughout
18 transmission from the reader, to the application, to Square’s data centers. All communications are
19 secure whether connected to the Internet via wireless or cellular data network (EDGE, 3G or
20 4G.”).

21 139. The EMV Chip Card Reader provides the encrypted analog signal to the
22 mobile communication device for further processing by circuitry contained in the mobile
23 communication device. After the signal reaches the mobile communication device, upon
24 information and belief, instructions and software from the Square Point of Sale app working on
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1 the circuitry of the mobile communication device perform additional processing on the signal. *See,*
2 *e.g.*, Ex. L (explaining that the Square readers “only work[] with the Square [Point of Sale]
3 application and a compatible mobile device.”).

4 140. With the use of its Point of Sale app, Square then transmits the signal to a
5 transaction server for additional further processing. This completes the infringement of Claim
6 3.

7 141. On information and belief, Square practices other independent and dependent
8 claims of the ‘637 Patent in addition to Claim 3, and has encouraged others to do so.
9 AnywhereCommerce reserves the right to identify other infringing products and/or additional
10 claims of the ‘637 Patent according to the local patent rules of this district.

11 142. Square’s infringement has caused and continues to cause AnywhereCommerce
12 to suffer damages in an amount to be determined, and has caused and continues to cause
13 AnywhereCommerce irreparable harm for which AnywhereCommerce has no adequate remedy at
14 law. Both AnywhereCommerce and Square compete in the space for mobile point-of-sale products
15 and services, as described above. Square’s continued infringement of the Asserted Patents causes
16 harm to AnywhereCommerce in the form of price erosion, loss of goodwill, damage to reputation,
17 loss of business opportunities, inadequacy of money damage, and direct and indirect competition.
18 Monetary damages are insufficient to compensate AnywhereCommerce for these harms.
19 Accordingly, AnywhereCommerce is entitled to permanent injunctive relief.
20 AnywhereCommerce will continue to suffer irreparable harm unless and until the Court enjoins
21 Square from committing further infringing acts.

22 143. Square’s infringement of the ‘637 Patent has injured and continues to injure
23 AnywhereCommerce in an amount to be proven at trial, but not less than a reasonable royalty.
24 AnywhereCommerce is entitled to recover from Square damages, including lost profits, in an
25 amount to be determined that is adequate to compensate AnywhereCommerce for Defendant’s
26 infringement.

27 144. Upon information and belief, Square has infringed with full knowledge of the
28 Asserted Patents including the ‘637 Patent since at least shortly after its issuance in 2016 and

despite specific, written notice in January of 2019 from AnywhereCommerce to Square of all Asserted Patents as well as specific notice of Square's infringement. Despite its knowledge of AnywhereCommerce's patents and specifically the Asserted Patents, Square has sold and continued to sell the Accused Products, imported the Accused Products, and performed services in complete and reckless disregard of AnywhereCommerce's patent rights. As such, Square has acted recklessly and continues to willfully, wantonly, and deliberately engage in acts of infringement of the '637 Patent, justifying an award to AnywhereCommerce of increased damages under U.S.C. § 284, and attorneys' fees and costs incurred under 35 U.S.C. § 285.

COUNT XIV

INDIRECT INFRINGEMENT OF THE '637 PATENT – INDUCEMENT

145. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

146. Square has induced and continues to induce infringement of one or more claims of the '637 Patent under 35 U.S.C. § 271(b), including at least Claim 3. In addition to directly infringing the '637 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(b) by instructing, directing and/or requiring others, including customers, purchasers, and users, to use its products to form an infringing apparatus and use the apparatus in a manner that infringes at least Claim 1 of the '637 Patent either literally or under the doctrine of equivalents such as by performing steps of the method claims where all of the steps of the method claims are performed by either Square or its customers, purchasers, and users, or some combination thereof. In that regard, Square has known or been willfully blind to the fact that it was inducing others, including customers, purchasers, and users, to infringe by practicing, either themselves or in conjunction with Square, one or more apparatus claims of the '637 Patent. Following Defendant's instructions, customers, purchasers, and users have actually infringed by practicing, either themselves or in conjunction with Defendant, one or more claims of the '637 Patent.

147. Square has knowingly and actively aided and abetted the direct infringement of the '637 Patent by instructing and encouraging its customers, purchasers, and users to use the '637 Accused Products. Its instructions and encouragement have included, but are not limited to,

1 advising third parties to use the ‘637 Accused Products in an infringing manner, providing a
 2 mechanism through which third parties may infringe the ‘637 Patent, advertising and promoting
 3 the use of the ‘637 Accused Products in an infringing manner, and distributing guidelines and
 4 instructions to third parties on how to use the ‘637 Accused Products in an infringing manner.

5 **COUNT XV**

6 **INDIRECT INFRINGEMENT OF THE ‘637 PATENT – CONTRIBUTORY**
 7 **INFRINGEMENT**

8 148. AnywhereCommerce restates and incorporates by reference the paragraphs
 9 above as if fully stated herein.

10 149. Square has contributed to infringement and continues to contribute to
 11 infringement of one or more claims of the ‘637 Patent under 35 U.S.C. § 271(c), including at least
 12 Claim 3. In addition to directly infringing the ‘637 Patent, Square has indirectly infringed the
 13 patent pursuant to 35 U.S.C. § 271(c) by supplying the Square EMV Chip Card Reader, as well as
 14 the Square Point of Sale application, both of which are used to directly infringe the claims.

15 150. Upon information and belief, there is no substantial non-infringing use for the
 16 Square EMV Chip Card Reader or the Point of Sale application. They are specifically designed to
 17 infringe the Asserted Patent claims, and Square intends for them to do so.

18 151. Square has made, used, offered to sell, sold, and imported these devices with
 19 knowledge of the ‘637 Patent.

20 152. Square further has made, used, offered to sell, sold, and imported these devices
 21 with knowledge that they have no substantial non-infringing use.

22 **COUNT XVI**

23 **DIRECT INFRINGEMENT OF THE ‘239 PATENT**

24 153. AnywhereCommerce restates and incorporates by reference the paragraphs
 25 above as if fully stated herein.

26 154. Square has directly infringed and continues to directly infringe, literally or under
 27 the doctrine of equivalents, one or more claims of the ‘239 Patent, in violation of 35 U.S.C. §271(a)
 28 by making, using, selling, and/or offering to sell within the United States, without authority, the

1 Square EMV Chip Card Reader and Square Contactless and Chip Reader, together with the Square
2 Point of Sale application and servers, which acts have been without the permission, consent,
3 authorization or license from AnywhereCommerce. Further, Square has directly infringed and
4 continues to directly infringe, literally or under the doctrine of equivalents, one or more claims of
5 the '239 Patent by importing into the United States, without authority, the Square EMV Chip Card
6 Reader and Square Contactless and Chip Reader.

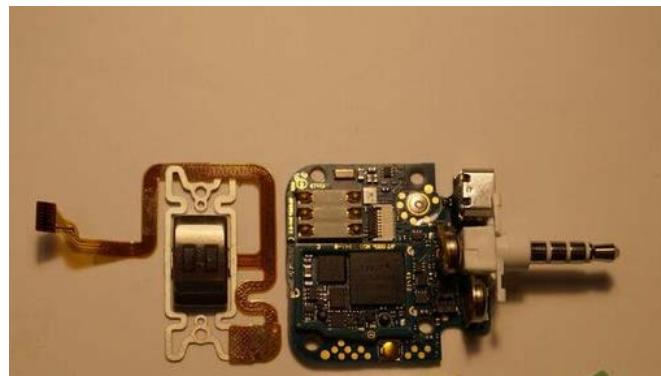
7 155. Each of the Square EMV Chip Card Reader and Square Contactless and Chip
8 Reader meets every limitation of one or more claims of the '239 Patent and infringes the '239
9 Patent because each contains every element and/or practices every step of one or more claims of
10 the patent including, without limitation, Claim 1, which claims a "portable smart card reader device
11 for reading a smart card having recorded information stored on an integrated circuit incorporated
12 into the card, the device comprising: a sensor for reading said recorded information stored on said
13 integrated circuit incorporated into said card; a controller coupled to said sensor for converting
14 the recorded information stored on said integrated circuit into an encrypted signal indicative of
15 the recorded information, and a communication link for coupling said portable smart card reader
16 device to a mobile communication device for the transmission of said encrypted signal indicative
17 of the recorded information therebetween; wherein when said sensor reads the recorded
18 information stored on said integrated circuit, said controller converts the recorded information
19 read by said sensor into said encrypted signal and transmits said encrypted signal via said
20 communication link to said mobile communication device; and said mobile communication
21 device transmits the encrypted signal indicative of the recorded information to a remote
22 transaction server for processing a commercial transaction. Ex. F at 12:6-29.

23 156. The Square EMV Chip Card Reader contains the elements of this Claim 1 of the
24 '239 Patent. As explained above, it is specifically designed as a portable smart card reader device
25 for reading a smart card. It incorporates the sensor for reading the information stored on the card's
26 embedded integrated circuit, which is the card's "chip."

1 157. The Square EMV Chip Card Reader also includes a controller coupled to the
 2 sensor for converting the recorded information stored on the card's chip into an encrypted signal
 3 indicative of the recorded information. The sensor coupled to the controller is shown below.

4 158. Square documents are clear that the signal is encrypted immediately upon being
 5 read. *See, e.g.,* <https://squareup.com/help/us/en/article/3797-secure-data-encryption> (“To protect
 6 Square account holders and their customers, all information entered by our customers has been
 7 encrypted and submitted to our servers securely” and “Square Point of Sale uses the Square Reader
 8 to encrypt all card-present transactions at the point of swipe, so information remains encrypted
 9 throughout transmission from the reader, to the application, to Square’s data centers.”). In
 10 operation, the controller “converts the recorded information read by said sensor into said
 11 encrypted signal and transmits said encrypted signal via said communication link to said mobile
 12 communication device.” Ex. F at 12:20-25.

13 159. As discussed above, the output jack on the Square EMV Chip Card Reader is
 14 designed to be inserted into the jack of the mobile communication device to form a communication
 15 link between the two devices for the transmission of the encrypted signal between them. Thus, the
 16 sensor reads the recorded information from the card’s integrated circuit (“chip”), and the controller
 17 converts the recorded information into an encrypted signal and sends the encrypted signal, via the
 18 communication link of the hands-free jack, to the mobile communication device.

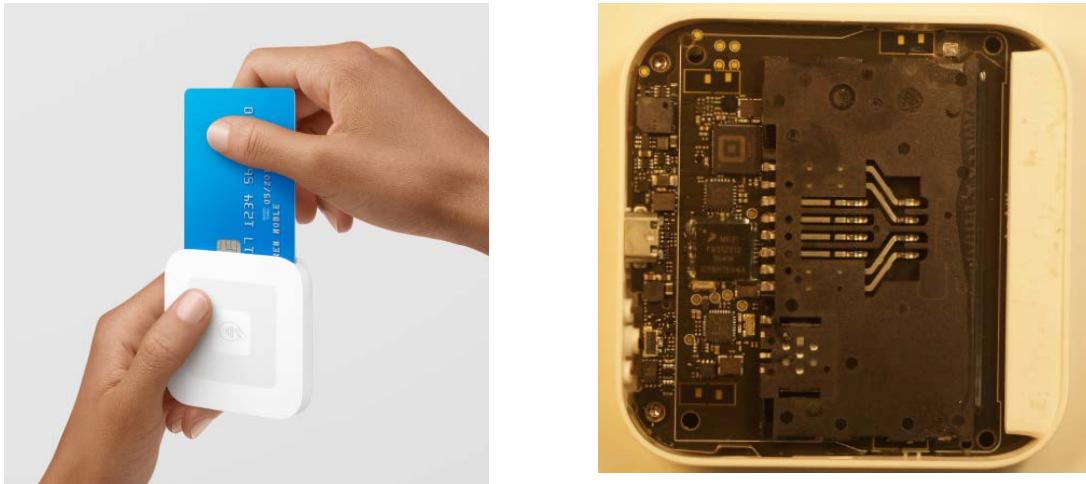


25 160. Operating on instructions from the Square Point of Sale app which must be used
 26 for the transaction, the mobile communication device then transmits the encrypted signal
 27 (indicative of the recorded information) to a remote transaction server for processing a commercial
 28 transaction. *See, e.g.,* <https://squareup.com/help/us/en/article/3797-secure-data-encryption> (“To

1 protect Square account holders and their customers, all information entered by our customers has
 2 been encrypted and submitted to our servers securely” and “Square Point of Sale uses the Square
 3 Reader to encrypt all card-present transactions at the point of swipe, so information remains
 4 encrypted throughout transmission from the reader, to the application, to Square’s data centers.”).

5 161. Square’s Contactless and Chip Reader – a wireless Bluetooth device – also meets
 6 all of the elements of this Claim 1 of the ‘239 Patent, but with a different design.

7 162. Like the EMV Chip Card Reader, the Square Contactless and Chip Reader is
 8 designed as a reader for a smart card with an embedded integrated circuit chip. *See*



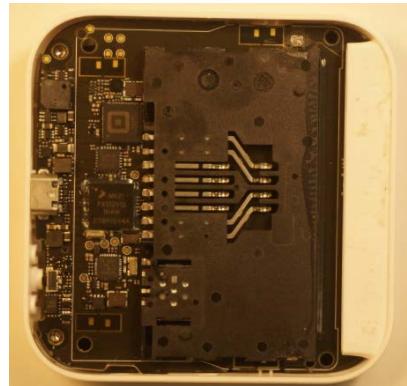
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 17 <https://squareup.com/us/en/hardware/contactless-chip-reader> (“Square Reader lets you accept chip
 18 cards ...”).



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 25 The contactless reader connects wirelessly to a mobile communication device such as a cell phone
 26 or tablet, reads the information embedded on the chip, converts and encrypts the information into
 27 an encrypted signal that reflects that information, and transmits the information to the mobile
 28 communication device. *See, e.g.,* <https://squareup.com/us/en/hardware/contactless-chip-reader>

1 (“Connect the reader wirelessly to your Apple or Android device via Bluetooth LE (no need for a
2 headset jack). Fire up a Square point-of-sale app and you’re ready to take payments anywhere.”).
3 The communication device then transmits the encrypted signal via software from the Square Point
4 of Sale app to Square’s transaction servers, which are located at remote, secured facilities.

5 163. As to its specific design, a photo of the Contactless and Chip Reader’s internal
6 layout is shown below:

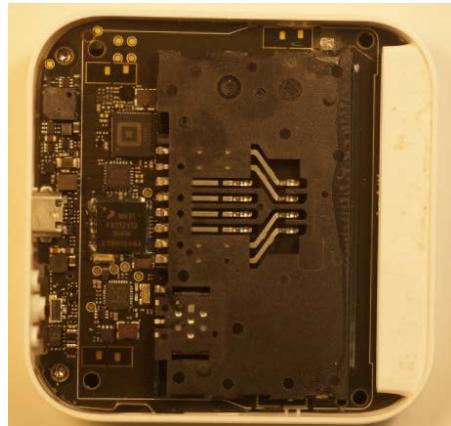


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14 As shown in the photo, the device includes a sensor for reading information that is recorded on the
15 card’s integrated circuit chip.

16 164. Coupled to the sensor on the printed circuit board is a controller for converting
17 the recorded information stored on the integrated circuit into an encrypted signal (indicative of the
18 recorded information). *See, e.g.,* <https://squareup.com/help/us/en/article/3797-secure-data-encryption> (“Secure Data Encryption”) (“Square Point of Sale uses the Square Reader to encrypt
19 all card-present transactions at the point of swipe, so information remains encrypted throughout
20 transmission from the reader, to the application, to Square’s data centers. All communications are
21 secure whether connected to the Internet via wireless or cellular data network (EDGE, 3G or 4G).”)

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1 165. The Contactless and Chip Reader also includes a communication IC for
2 Bluetooth Connection, which is shown in the following photo:



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10 166. The communication IC provides a communication link to the communication
11 device for the transmission of the encrypted signal using with Bluetooth technology. *See*
12 <https://squareup.com/us/en/hardware/contactless-chip-reader> (“Connect the reader wirelessly to
13 your Apple or Android device via Bluetooth LE (no need for a headset jack). Fire up a Square
14 point-of-sale app and you’re ready to take payments anywhere.”).

15 167. With this structure, the sensor reads the recorded information stored on the
16 integrated circuit, the controller converts the recorded information read by the sensor into an
17 encrypted signal and transmits the encrypted signal to the mobile communication device using the
18 communication link. Under instruction from the Square Point of Sale application, the mobile
19 communication device then transmits the encrypted signal (indicative of the recorded information)
20 to a remote transaction server using the Point of Sale app for processing a commercial transaction.
21 *See, e.g.,* <https://squareup.com/help/us/en/article/3797-secure-data-encryption> (“To protect
22 Square account holders and their customers, all information entered by our customers has been
23 encrypted and submitted to our servers securely” and “Square Point of Sale uses the Square Reader
24 to encrypt all card-present transactions at the point of swipe, so information remains encrypted
25 throughout transmission from the reader, to the application, to Square’s data centers.”).

26 168. On information and belief, Square has practiced other independent and
27 dependent claims of the ‘239 Patent in addition to Claim 1, and encouraged others to do so.
28

1 AnywhereCommerce reserves the right to identify other infringing products and/or additional
2 claims of the '239 Patent according to the local patent rules of this district.

3 169. Square's infringement has caused and continues to cause AnywhereCommerce
4 to suffer damages in an amount to be determined, and has caused and continues to cause
5 AnywhereCommerce irreparable harm for which AnywhereCommerce has no adequate remedy at
6 law. Both AnywhereCommerce and Square compete in the space for mobile point-of-sale products
7 and services, as described above. Square's continued infringement of the Asserted Patents causes
8 harm to AnywhereCommerce in the form of price erosion, loss of goodwill, damage to reputation,
9 loss of business opportunities, inadequacy of money damage, and direct and indirect competition.
10 Monetary damages are insufficient to compensate AnywhereCommerce for these harms.
11 Accordingly, AnywhereCommerce is entitled to permanent injunctive relief.
12 AnywhereCommerce will continue to suffer irreparable harm unless and until the Court enjoins
13 Square from committing further infringing acts.

14 170. Square's infringement of the '239 Patent has injured and continues to injure
15 AnywhereCommerce in an amount to be proven at trial, but not less than a reasonable royalty.
16 AnywhereCommerce is entitled to recover from Square damages, including lost profits, in an
17 amount to be determined that is adequate to compensate AnywhereCommerce for Defendant's
18 infringement.

19 171. Upon information and belief, Square has infringed with full knowledge of the
20 Asserted Patents including the '239 Patent since shortly after it issued in 2016 and despite specific,
21 written notice in January of 2019 from AnywhereCommerce to Square of all Asserted Patents as
22 well as specific notice of Square's infringement. Despite its knowledge of AnywhereCommerce's
23 patents and specifically the Asserted Patents, Square has sold and continued to sell the Accused
24 Products, imported the Accused Products, and performed services in complete and reckless
25 disregard of AnywhereCommerce's patent rights. As such, Square has acted recklessly and
26 continues to willfully, wantonly, and deliberately engage in acts of infringement of the '239 Patent,
27 justifying an award to AnywhereCommerce of increased damages under U.S.C. § 284, and
28 attorneys' fees and costs incurred under 35 U.S.C. § 285.

COUNT XVII**INDIRECT INFRINGEMENT OF THE ‘239 PATENT – INDUCEMENT**

172. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

173. Square has induced and continues to induce infringement of one or more claims of the ‘239 Patent under 35 U.S.C. § 271(b), including at least Claim 1. In addition to directly infringing the ‘239 Patent, Square indirectly infringes the patent pursuant to 35 U.S.C. § 271(b) by instructing, directing and/or requiring others, including customers, purchasers, and users, to use its products to form an infringing apparatus and use the apparatus in a manner that infringes the ‘239 Patent. In that regard, Square has known or been willfully blind to the fact that it was inducing others, including customers, purchasers, and users, to infringe by practicing, either themselves or in conjunction with Square, one or more apparatus claims of the ‘239 Patent. Following Defendant’s instructions, customers, purchasers, and users have actually infringed by practicing, either themselves or in conjunction with Defendant, one or more claims of the ‘239 Patent.

174. Square has knowingly and actively aided and abetted the direct infringement of the ‘239 Patent by instructing and encouraging its customers, purchasers, and users to use the ‘239 Accused Products. Its instructions and encouragement have included, but are not limited to, advising third parties to use the ‘239 Accused Products in an infringing manner, providing a mechanism through which third parties may infringe the ‘239 Patent, advertising and promoting the use of the ‘239 Accused Products in an infringing manner, and distributing guidelines and instructions to third parties on how to use the ‘239 Accused Products in an infringing manner.

COUNT XVIII**INDIRECT INFRINGEMENT OF THE ‘239 PATENT – CONTRIBUTORY****INFRINGEMENT**

175. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

176. Square has contributed to infringement and continues to contribute to infringement of one or more claims of the ‘239 Patent under 35 U.S.C. § 271(c), including at least

1 Claim 1. In addition to directly infringing the ‘239 Patent, Square has indirectly infringed the
2 patent pursuant to 35 U.S.C. § 271(c) by supplying the Square EMV Chip Card Reader, Square
3 Contactless and Chip Reader, and Square Point of Sale application, all of which are used to directly
4 infringe the claims.

5 177. Upon information and belief, there is no substantial non-infringing use for the
6 Square EMV Chip Card Reader, Square Contactless and Chip Reader, or the Point of Sale
7 application. They are specifically designed to infringe the Asserted Patent claims, and Square
8 intends for them to do so.

9 178. Square has made, used, offered to sell, sold, and imported these devices with
10 knowledge of the ‘239 Patent.

11 179. Square further has made, used, offered to sell, sold, and imported these devices
12 with knowledge that they have no substantial non-infringing use.

13 **COUNT XIX**

14 **DIRECT INFRINGEMENT OF THE ‘351 PATENT**

15 180. AnywhereCommerce restates and incorporates by reference the paragraphs
16 above as if fully stated herein.

17 181. Square has directly infringed and continues to directly infringe, literally or under
18 the doctrine of equivalents, one or more claims of the ‘351 Patent, in violation of 35 U.S.C. §271(a)
19 by making, using, selling, and/or offering to sell within the United States, without authority, the
20 Square EMV Chip Card Reader and Square Contactless and Chip Reader, together with the Square
21 Point of Sale application and servers, which acts have been without the permission, consent,
22 authorization or license from AnywhereCommerce. Further, Square has directly infringed and
23 continues to directly infringe, literally or under the doctrine of equivalents, one or more claims of
24 the ‘351 Patent by importing into the United States, without authority, the Square EMV Chip Card
25 Reader and Square Contactless and Chip Reader.

26 182. Each of the Square EMV Chip Card Reader and Square Contactless and Chip
27 Reader meets every limitation of one or more claims of the ‘351 Patent and infringes the ‘351
28

1 Patent because each contains every element and/or practices every step of one or more claims of
2 the patent including, without limitation, Claim 1.

3 183. Claim 1 of the ‘351 Patent claims “[a] portable reader apparatus for reading a
4 payment device having information stored on an integrated circuit incorporated into said payment
5 device; the apparatus comprising: a sensor for reading information stored on said integrated circuit
6 incorporated into said payment device; a controller coupled to the sensor for converting said
7 information to a format suitable for transmission to a mobile communication device; and a
8 communication link for coupling the portable reader apparatus to said mobile communication
9 device for the transmission of said information there between; wherein the sensor reads said
10 information, the controller converts said information into a format suitable for transmission to said
11 mobile communication device and transmits said information via the communication link to said
12 mobile communication device, and said communication device transmits said information to a
13 remote transaction server for processing a commercial transaction.” Ex. G at 12:7-26. As with
14 Claim 1 of the ‘239 Patent, both the Square EMV Chip Card Reader and the Square Contactless
15 and Chip Reader meet the limitations of Claim 1 of the ‘351 Patent.

16 184. The Square EMV Chip Card Reader contains every element of this Claim 1 of
17 the ‘351 Patent. As explained above, it is specifically designed as a portable reader apparatus for
18 reading a payment device such as a credit card or debit card with information stored on an
19 integrated circuit chip embedded into the card. It incorporates the sensor for reading the
20 information stored on the chip, and a controller coupled to the sensor for converting the
21 information to a format appropriate for transmission to a mobile communication device.

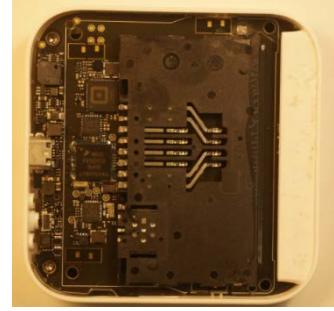
22 185. The output jack on the EMV Chip Card Reader, which is designed to be inserted
23 into the jack of the mobile communication device, creates a communication link for coupling the
24 two devices together for the transmission of the information between them. *See*
25 <https://squareup.com/shop/hardware/us/en/products/chi-credit-card-reader> (“Square chip card
26 reader plugs into the headphone jack of your smartphone or tablet.”).

27 186. The sensor reads the information from the chip on the card, the controller
28 converts the information into the proper format for transmission to the mobile communication

1 device and transmits the information to the mobile communication device via the communication
 2 link, and the mobile communication device transmits the information to a remote transaction server
 3 for processing of the commercial transaction.

4 187. Square's Contactless and Chip Reader also meets all of the elements of Claim 1
 5 of the '351 Patent. The Square Contactless and Chip Reader is a portable reader apparatus for
 6 reading a payment device such as a credit card or debit card with information stored on an
 7 integrated circuit chip embedded on the card. See
 8 <https://squareup.com/us/en/hardware/contactless-chip-reader> ("Square Reader lets you accept chip
 9 cards, Apple Pay, and Google Pay anywhere. Connect wirelessly, accept payments quickly, and
 10 get your funds fast.").

11 188. It incorporates a sensor for reading the information
 12 stored on the chip, and a controller coupled to the sensor for converting
 13 that information to a format appropriate for transmission to a mobile
 14 communication device such as a cell phone or tablet.



15 189. The contactless reader is coupled to a mobile communication device (such as a
 16 cell phone or tablet) through a wireless Bluetooth connection for transmission of information
 17 between the two devices. The reader includes a communication IC to form and control this link.

18 190. The sensor reads the information embedded on the card's chip, and the controller
 19 converts the information into the proper format for transmission to the mobile communication
 20 device and transmits the information through the wireless link to the communication device. The
 21 mobile communication device transmits the information to Square's transaction servers for
 22 processing of the commercial transaction. This meets the limitations of the claim.

23 191. On information and belief, Square has practiced other independent and
 24 dependent claims of the '351 Patent in addition to Claim 1, and encouraged others to do so.
 25 AnywhereCommerce reserves the right to identify other infringing products and/or additional
 26 claims of the '351 Patent according to the local patent rules of this district.

27 192. Square's infringement has caused and continues to cause AnywhereCommerce
 28 to suffer damages in an amount to be determined, and has caused and continues to cause

AnywhereCommerce irreparable harm for which AnywhereCommerce has no adequate remedy at law. Both AnywhereCommerce and Square compete in the space for mobile point-of-sale products and services, as described above. Square's continued infringement of the Asserted Patents causes harm to AnywhereCommerce in the form of price erosion, loss of goodwill, damage to reputation, loss of business opportunities, inadequacy of money damage, and direct and indirect competition. Monetary damages are insufficient to compensate AnywhereCommerce for these harms. Accordingly, AnywhereCommerce is entitled to permanent injunctive relief. AnywhereCommerce will continue to suffer irreparable harm unless and until the Court enjoins Square from committing further infringing acts.

193. Square's infringement of the '351 Patent has injured and continues to injure AnywhereCommerce in an amount to be proven at trial, but not less than a reasonable royalty. AnywhereCommerce is entitled to recover from Square damages, including lost profits, in an amount to be determined that is adequate to compensate AnywhereCommerce for Defendant's infringement.

194. Upon information and belief Square has infringed with full knowledge of the Asserted Patents including the ‘351 Patent since at least shortly after its issuance in 2017 and despite specific, written notice in January of 2019 from AnywhereCommerce to Square of all Asserted Patents as well as specific notice of Square’s infringement. Despite its knowledge of AnywhereCommerce’s patents and specifically the Asserted Patents, Square has sold and continued to sell the Accused Products, imported the Accused Products, and performed services in complete and reckless disregard of AnywhereCommerce’s patent rights. As such, Square has acted recklessly and continues to willfully, wantonly, and deliberately engage in acts of infringement of the ‘351 Patent, justifying an award to AnywhereCommerce of increased damages under U.S.C. § 284, and attorneys’ fees and costs incurred under 35 U.S.C. § 285.

COUNT XX

INDIRECT INFRINGEMENT OF THE '351 PATENT – INDUCEMENT

195. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

1 196. Square has induced and continues to induce infringement of one or more claims
2 of the ‘351 Patent under 35 U.S.C. § 271(b), including at least Claim 1. In addition to directly
3 infringing the ‘351 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(b)
4 by instructing, directing and/or requiring others, including customers, purchasers, and users, to use
5 its products to form an infringing apparatus and use the apparatus in a manner that infringes the
6 ‘351 Patent. In that regard, Square has known or been willfully blind to the fact that it was inducing
7 others, including customers, purchasers, and users, to infringe by practicing, either themselves or
8 in conjunction with Square, one or more apparatus claims of the ‘351 Patent. Following
9 Defendant’s instructions, customers, purchasers, and users have actually infringed by practicing,
10 either themselves or in conjunction with Defendant, one or more claims of the ‘351 Patent.

11 197. Square has knowingly and actively aided and abetted the direct infringement of
12 the ‘351 Patent by instructing and encouraging its customers, purchasers, and users to use the ‘351
13 Accused Products. Its instructions and encouragement have included, but are not limited to,
14 advising third parties to use the ‘351 Accused Products in an infringing manner, providing a
15 mechanism through which third parties may infringe the ‘351 Patent, advertising and promoting
16 the use of the ‘351 Accused Products in an infringing manner, and distributing guidelines and
17 instructions to third parties on how to use the ‘351 Accused Products in an infringing manner.

COUNT XXI

INDIRECT INFRINGEMENT OF THE ‘351 PATENT – CONTRIBUTORY INFRINGEMENT

198. AnywhereCommerce restates and incorporates by reference the paragraphs
above as if fully stated herein.

23 199. Square has contributed to infringement and continues to contribute to
24 infringement of one or more claims of the ‘351 Patent under 35 U.S.C. § 271(c), including at least
25 Claim 1. In addition to directly infringing the ‘351 Patent, Square has indirectly infringed the
26 patent pursuant to 35 U.S.C. § 271(c) by supplying the Square EMV Chip Card Reader, Square
27 Contactless and Chip Reader, and Square Point of Sale application, all of which are used to directly
28 infringe the claims.

200. Upon information and belief, there is no substantial non-infringing use for the Square EMV Chip Card Reader, Square Contactless and Chip Reader, or the Point of Sale application. They are specifically designed to infringe the Asserted Patent claims, and Square intends for them to do so.

201. Square has made, used, offered to sell, sold, and imported these devices with knowledge of the ‘351 Patent.

202. Square further has made, used, offered to sell, sold, and imported these devices with knowledge that they have no substantial non-infringing use.

COUNT XXII

DIRECT INFRINGEMENT OF THE '107 PATENT

203. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

204. Square has directly infringed and continues to directly infringe, literally or under the doctrine of equivalents, one or more claims of the ‘107 Patent, in violation of 35 U.S.C. §271(a) by making, using, selling, and/or offering to sell within the United States, without authority, the Square Magstripe Reader, the Square EMV Chip Card Reader, together with the Square Point of Sale application and servers, and the Square Contactless and Chip Card Reader, which acts have been without the permission, consent, authorization or license from AnywhereCommerce. Further, Square has directly infringed and continues to directly infringe, literally or under the doctrine of equivalents, one or more claims of the ‘107 Patent by importing into the United States, without authority, the Square Magstripe Reader, the Square EMV Chip Card Reader, and the Square Contactless and Chip Card Reader.

205. Each of the Square Magstripe Reader, Square EMV Chip Card Reader, and Square Contactless and Chip Reader meets every limitation of one or more claims of the ‘107 Patent and infringes the ‘107 Patent because each contains every element and/or practices every step of one or more claims of the patent including, without limitation, Claim 1.

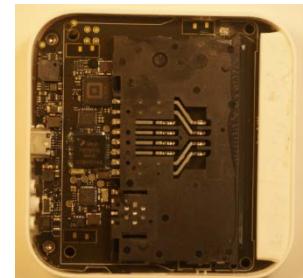
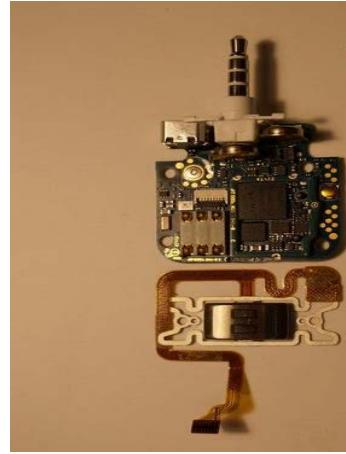
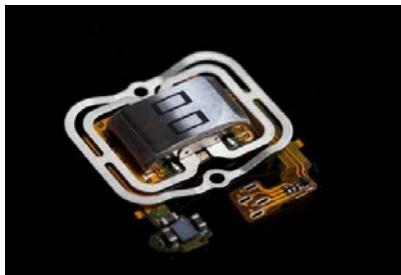
206. Claim 1 of the '107 Patent is directed to "an apparatus for effecting commercial transactions between an input device and a remote transaction server using a communication

1 device, said apparatus comprising: an input device for capturing recorded information from a
2 transaction card; a sensor incorporated into said input device for reading said recorded information
3 stored on said transaction card, said sensor including circuitry for reading an analog signal; a
4 controller coupled to said sensor for converting the recorded information stored on said transaction
5 card into a format suitable for transmission to a communication device; and a communication link
6 for coupling said controller to a communication device for the transmission of said recorded
7 information therebetween; wherein the said sensor reads the recorded information stored on said
8 transaction card, said controller converts said recorded information read by said sensor into a
9 format suitable for transmission to said communication device and transmits said recorded
10 information via the communication link to said communication device, and said communication
11 device transmits said recorded information to a remote transaction server for processing a
12 commercial transaction.” Ex. H at 12:10-34.

13 207. The Square Magstripe Readers (with an output jack and/or Lightning
14 Connector), Square EMV Chip and Card Reader, and the Square Contactless and Chip Reader
15 each have all of the elements of this claim. Each is designed to work with a communication device
16 such as a cell phone or tablet to effect a commercial transaction between the reader and a remote
17 transaction server. With each, there is an input device for capturing recorded information from a
18 transaction card (such as a credit card or debit card) and a sensor incorporated into the input device
19 for reading the recorded information stored on the card.

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1 208. The sensor in each Square reader includes circuitry for reading an analog signal
2 and a controller coupled to the sensor for converting the recorded information stored on the card
3 into a proper format for transmission to a communication device.



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11 209. Moreover, each device provides a communication link – whether through a
12 hands-free jack, an Apple Lightning Connector, or a wireless/Bluetooth connection – for coupling
13 the controller to the communication device for the transmission of the recorded information
14 between the two.
15

16 210. The sensor in each reader reads the recorded information from the transaction
17 card, the controller converts it into a format for transmission to the communication device and
18 transmits the information via the communication link to the communication device. The
19 communication device transmits the recorded information to a remote transaction server for
20 processing a commercial transaction.
21

22 211. On information and belief, Square has practiced other independent and
23 dependent claims of the ‘107 Patent in addition to Claim 1, and encouraged others to do so.
24 AnywhereCommerce reserves the right to identify other infringing products and/or additional
25 claims of the ‘107 Patent according to the local patent rules of this district.
26

27 212. Square’s infringement has caused and continues to cause AnywhereCommerce
28 to suffer damages in an amount to be determined, and has caused and continues to cause
AnywhereCommerce irreparable harm for which AnywhereCommerce has no adequate remedy at
law. Both AnywhereCommerce and Square compete in the space for mobile point-of-sale products
29

1 and services, as described above. Square's continued infringement of the Asserted Patents causes
 2 harm to AnywhereCommerce in the form of price erosion, loss of goodwill, damage to reputation,
 3 loss of business opportunities, inadequacy of money damage, and direct and indirect competition.
 4 Monetary damages are insufficient to compensate AnywhereCommerce for these harms.
 5 Accordingly, AnywhereCommerce is entitled to permanent injunctive relief.
 6 AnywhereCommerce will continue to suffer irreparable harm unless and until the Court enjoins
 7 Square from committing further infringing acts.

8 213. Square's infringement of the '107 Patent has injured and continues to injure
 9 AnywhereCommerce in an amount to be proven at trial, but not less than a reasonable royalty.
 10 AnywhereCommerce is entitled to recover from Square damages, including lost profits, in an
 11 amount to be determined that is adequate to compensate AnywhereCommerce for Defendant's
 12 infringement.

13 214. Upon information and belief, Square has infringed with full knowledge of the
 14 Asserted Patents including the '107 Patent since at least shortly after its issuance in 2017 and
 15 despite specific, written notice in January of 2019 from AnywhereCommerce to Square of all
 16 Asserted Patents as well as specific notice of Square's infringement. Despite its knowledge of
 17 AnywhereCommerce's patents and specifically the Asserted Patents, Square has sold and
 18 continued to sell the Accused Products, imported the Accused Products, and performed services
 19 in complete and reckless disregard of AnywhereCommerce's patent rights. As such, Square has
 20 acted recklessly and continues to willfully, wantonly, and deliberately engage in acts of
 21 infringement of the '107 Patent, justifying an award to AnywhereCommerce of increased damages
 22 under U.S.C. § 284, and attorneys' fees and costs incurred under 35 U.S.C. § 285.

23 **COUNT XXIII**

24 **INDIRECT INFRINGEMENT OF THE '107 PATENT – INDUCEMENT**

25 215. AnywhereCommerce restates and incorporates by reference the paragraphs
 26 above as if fully stated herein.

27 216. Square has induced and continues to induce infringement of one or more claims
 28 of the '107 Patent under 35 U.S.C. § 271(b), including at least Claim 1. In addition to directly

infringing the ‘107 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(b) by instructing, directing and/or requiring others, including customers, purchasers, and users, to use its products to form an infringing apparatus and use the apparatus in a manner that infringes the ‘107 Patent. In that regard, Square has known or been willfully blind to the fact that it was inducing others, including customers, purchasers, and users, to infringe by practicing, either themselves or in conjunction with Square, one or more apparatus claims of the ‘107 Patent. Following Defendant’s instructions, customers, purchasers, and users have actually infringed by practicing, either themselves or in conjunction with Defendant, one or more claims of the ‘107 Patent.

217. Square has knowingly and actively aided and abetted the direct infringement of the ‘107 Patent by instructing and encouraging its customers, purchasers, and users to use the ‘107 Accused Products. Its instructions and encouragement have included, but are not limited to, advising third parties to use the ‘107 Accused Products in an infringing manner, providing a mechanism through which third parties may infringe the ‘107 Patent, advertising and promoting the use of the ‘107 Accused Products in an infringing manner, and distributing guidelines and instructions to third parties on how to use the ‘107 Accused Products in an infringing manner.

COUNT XXIV

INDIRECT INFRINGEMENT OF THE '107 PATENT – CONTRIBUTORY

INFRINGEMENT

218. AnywhereCommerce restates and incorporates by reference the paragraphs above as if fully stated herein.

219. Square has contributed to infringement and continues to contribute to infringement of one or more claims of the ‘107 Patent under 35 U.S.C. § 271(c), including at least Claim 1. In addition to directly infringing the ‘107 Patent, Square has indirectly infringed the patent pursuant to 35 U.S.C. § 271(c) by supplying the Square Magstripe Reader, Square EMV Chip Card Reader, Square Contactless and Chip Reader, and Square Point of Sale application, all of which are used to directly infringe the claims.

220. Upon information and belief, there is no substantial non-infringing use for the Square Magstripe Reader, Square EMV Chip Card Reader, Square Contactless and Chip Reader.

1 or the Point of Sale application. They are specifically designed to infringe the Asserted Patent
2 claims, and Square intends for them to do so.

3 221. Square has made, used, offered to sell, sold, and imported these devices with
4 knowledge of the '107 Patent.

5 222. Square further has made, used, offered to sell, sold, and imported these devices
6 with knowledge that they have no substantial non-infringing use.

7 **PRAYER FOR RELIEF**

8 **WHEREFORE**, AnywhereCommerce, Inc. respectfully requests that this Court enter
9 judgment in its favor against Square as follows:

10 A. To enter judgment that Square has directly infringed one or more claims of each of
11 the Asserted Patents, has induced infringement of the Asserted Patents, and has contributed to the
12 infringement of the Asserted Patents.

13 B. To enter orders permanently enjoining Square and its officers, agents, directors,
14 servants, employees, attorneys, representatives, parents, subsidiaries, affiliates, joint venturers,
15 and all of those in active concert, privity or participation with them and their successors and
16 assigns, from infringing the Asserted Patents, and/or inducing or contributing to infringement, and
17 for all further and proper injunctive relief pursuant to 35 U.S.C. § 283.

18 C. To award AnywhereCommerce its damages in an amount adequate to compensate
19 AnywhereCommerce for Defendant's direct and indirect infringement of the Asserted Patents,
20 together with costs and pre-judgment and post-judgment interest.

21 D. To award an accounting of all Defendant's infringing sales and revenues through
22 final judgment.

23 E. To enter judgment that Square's infringement has been willful, wanton, and
24 deliberate and that the damages against it be increased up to treble on this basis or for any other
25 basis in accordance with the law.

26 F. To declare this case to be "exceptional" under 35 U.S.C. § 285 and to award
27 AnywhereCommerce its attorneys' fees, expenses, and costs incurred in this action; and

1 G. To award AnywhereCommerce such other and further relief as this Court deems
2 just and proper.

3 **DEMAND FOR JURY TRIAL**

4 Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, AnywhereCommerce
5 requests a trial by jury of any and all issues on which a trial by jury is available.

6
7 Dated: July 26, 2019

Respectfully Submitted,

8 JOSEPH SAVERI LAW FIRM, INC.
9

10 By: /s/ Joseph R. Saveri
Joseph R. Saveri

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11 *Attorneys for Plaintiff AnywhereCommerce, Inc.*

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